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Collective Reflection  
on the Changing  
Workplace



Réflexion collective sur  
le milieu de travail  
en évolution

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Report of the  
Advisory Committee on the  
Changing Workplace



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## **MINISTER'S MESSAGE**



*The Honourable Lawrence MacAulay, P.C., M.P.  
Minister of Labour*

It is with pleasure that I release the report of the Collective Reflection on the Changing Workplace and the impact on working Canadians.

This report is the result of eight months of consultations and activities by the Advisory Committee on the Changing Workplace, a committee established and chaired by the Honourable Alfonso Gagliano, at the time Minister of Labour. I wish to express my appreciation to the former Minister of Labour for his willingness to explore issues emerging in the workplace, and to open up a dialogue with Canadians on the changes that affect their daily lives.

The report presents the personal views of the six members of the Advisory Committee, their study and consultations with organizations and individuals from September 1996 to April 1997. It presents a range of views and different perspectives on the nature of the changes occurring in the workplace and the way workers are affected by these changes.

I wish to congratulate the members of the Advisory Committee for their work, their synthesis of the diverse opinions expressed during the consultations, and their understanding of different perspectives. I appreciate their efforts to identify some common recommendations, and to suggest areas where there could be further work done.

During my time as Minister of Labour, I hope to continue discussions with working Canadians and seek ways we can address the concerns of workers, and contribute to workplaces that are productive and support workers' needs.

A handwritten signature in cursive script that reads "Lawrence MacAulay". The signature is fluid and written in black ink on a plain white background.

Lawrence MacAulay, P.C., M.P.



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## **MESSAGE FROM THE CHAIR**



*The Honourable Alfonso Gagliano, P.C., M.P.  
Chair of the Advisory Committee  
on the Changing Workplace*

The changes affecting our workplace are everywhere, all around us. You can see the changes very clearly, indeed, you can sense them.

The underlying causes of these changes are well known. The introduction of new technologies, the growing importance of global trade, the rapid development of the service sector and corporate downsizing are all factors that have had — and will continue to have — an impact on the way we work.

Added to these are other, societal, factors which, when combined with those mentioned above, create a tidal wave that is sweeping away the traditional approach to work.

For example, there is the fact that the citizens of the industrialized world are aging rapidly, while at the same time remaining alert and active for many more years than was the case in the past. The vast majority of women are now working outside the home, either because they choose to or because they must. For the same reasons, men are playing a more active role in family life. They are spending more time in raising their children, they are more involved in their education, and they are doing more housework. For many people, these developments have led to greater stress, where the middle generation finds itself caught between the pressing demands of young children and those of aging parents who require ever more attention and care. At times, the challenges can seem daunting.

We are living in an era where people will have multiple careers over the course of their lifetime. It is the era of short-term work, the era where people are expected to rely on themselves rather than on governments or large corporations. We are on the threshold of the age of the compressed work week, “flex time” and work-sharing. Throughout our economy the dividing line between “job” and “family” is fading away, as it becomes increasingly common to find the two under one roof.

Of course, these words can only begin to describe a revolution which is challenging our very ability to comprehend the emerging reality.

Faced with developments which are, for the most part, irreversible, our society has no other choice than to rethink every aspect of our approach to work. We must arm ourselves with new terms of reference, adjust our processes, update our laws and our regulatory framework and, most importantly, go forward together as we enter the fast lane of change.

We must ensure that we move forward together because the changes shaping the world of work affect everyone; employers, employees, the self-employed, unions, and governments must all deal with this transformation.

In the last decade, changes in the workplace have led to much insecurity in society. Young people must travel down a difficult path, and overcome numerous barriers, before finding their first job. Older, more experienced workers are often the first victims of the massive layoffs that have become common in our society. When they look for new work, they are confronted with a workplace that is increasingly complex and foreign to them, as well as the added challenge of re-entering a workforce that is not very welcoming to older workers.

And in the middle there is the great mass of people who are either afraid of losing their job or are worried that they will never achieve their career goals. Everyone is aware of the pressure to constantly upgrade their skills, to adapt to an ever-changing reality and to successfully balance family and career.

Clearly, the changes affecting the workplace have an important influence on our individual lives. However, they will also have an impact on the future of our society. For example, there is a link between the smooth functioning of the workplace and productivity, competitiveness and the profitability of corporations. These, in turn, affect exports, investments, job creation and the maintenance of jobs. And all of these have an effect on investments, both foreign and domestic.

That was my point of view in January 1996, when Prime Minister Chrétien appointed me to the position of Minister of Labour.

In that role, I was given responsibility for those economic sectors that are in the federal jurisdiction. Many of these industries — telecommunications, transportation, banking — must deal with rapid technological change on a daily basis, and are in a constant struggle to remain competitive.

The Canadian government must provide active and purposeful leadership. It must create an environment which fosters economic growth and job creation. To an important degree, Canada's exports and its competitiveness depend on workplace that are able to adapt to change and embrace innovation.

A few days after I was sworn in as Labour Minister, the task force chaired by Andrew Sims, which had been given the duty of examining Part I of the *Canada Labour Code*, presented its final report. This report would become the foundation of the Bill designed to modernize that section of the Labour Code.

Just as importantly, the final chapter of the Sims Report outlined some of the changes affecting the modern workplace. Soon after the presentation of this report, I launched a consultation process designed to raise public awareness of these workplace issues, and to initiate a discussion with the general public on the new trends, ideas and innovative practices that are emerging in the workplace.

Which is how, in August 1996, the **Collective Reflection on the Changing Workplace**, came to be. Our goal was to get Canadians to start thinking about their own workplace, their working conditions, their career goals and the new approaches which could be adopted to help them manage their personal and professional responsibilities.

We gathered these comments and suggestions through a series of consultations using a variety of formats, as well as through an Internet site specially designed for the Collective Reflection.

I also invited six individuals, each from a different part of the country and with a wide range of personal experience, to work on a Ministerial Advisory Committee. This Committee was given the task of studying the current situation and making concrete proposals on how our society can adapt more rapidly to the new reality.

The Committee members were faced with an imposing challenge, and the time constraints they worked within were very tight. I therefore wish to offer my sincere thanks to these dedicated men and women who have impressed me with their character, their social conscience, their professionalism and their unstinting commitment to the task with which they were entrusted.

The differences in the educational and personal backgrounds of the members greatly enriched the Committee. All were faithful representatives of the groups to which they belong, and all were able to call upon impressive networks whose contacts and research contributed to the thoroughness of the Collective Reflection. Some of the members took a pragmatic approach, suggesting measures that have gained recognition elsewhere. Others addressed the questions at hand with creativity and imagination, taking their personal reflection into areas that have barely been explored. Some of the ideas discussed were surprising and a few will certainly be controversial, but, in general, the suggestions are practical and innovative.

In some cases, it may seem that some ideas are ahead of their time. However, at the rate that things are changing, I am certain that their time will come sooner rather than later.

Each member of the Advisory Committee has used a chapter of this report to lay out the results of his or her consultations and research.

Considering that the six members started out from positions which seemed at first glance to be irreconcilable, I am very impressed that they were able to arrive at a number of common recommendations. This is eloquent testimony to their openness and their ability to take into account the many different elements of the working environment.

I sincerely believe that the **Collective Reflection** was a focal point of creativity and a truly visionary exercise.

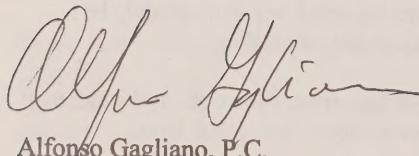
The recommendations contained in this report address issues which are related to a number of different jurisdictions, organizations and sectors. Realistically, one must expect that different bodies will react to these with varying degrees of interest and enthusiasm. Nonetheless, the process of change is in motion, and the will to act is apparent at many different levels. Proof of this desire for action was seen at the most recent meeting of the federal-provincial-territorial Labour Ministers. The Conference clearly demonstrated that the issue of the changing workplace is becoming a priority in every part of the country.

The changing workplace is, of course, a complex subject which is constantly evolving. However, through dialogue, consultation and cooperation we will find the appropriate mechanisms which will allow Canada to maintain its position as a leader in the field.

My belief that we will succeed was strengthened during this consultative process, for I saw that we all share the same commitment to Canada's economic growth and to the quality of life of Canadians.

To all those who contributed to the success of the **Collective Reflection on the Changing Workplace**, I offer my sincere thanks.

More than ever before, I am convinced that the fairness, harmony and vitality that define our labour relations are a key component of Canada's economic and social strength. Every step we take in that direction is another step toward prosperity, equity and social harmony.



Alfonso Gagliano, P.C.  
Chair of the Advisory Committee on the Changing Workplace

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# **EXECUTIVE SUMMARY**

The aim of the Collective Reflection on the Changing Workplace, initiated by the Honourable Alfonso Gagliano, Minister of Labour and Deputy Leader of the Government in the House of Commons, is to establish a framework to contribute to economic growth and job creation in the following ways:

- Encourage innovation, investment in human resources management practices, and the promotion of the benefits of a flexible approach.
- Establish an environment that will make it possible to increase productivity as workplaces adapt to change and innovation, thus ensuring a positive outcome for both employers and employees.
- Strengthen the security of the labour market by providing an environment in which innovative forms of work, adaptation to new types of skills and tasks, and mobility are important aspects of the process of change within the workplace.

As part of the Collective Reflection on the Changing Workplace, the mandate of the Advisory Committee on the Changing Workplace was to investigate issues arising out of the changing nature of work and of the employment relationship, the incidence of such changes on new work arrangements in various sectors of the Canadian economy, and the implications for workers and for employers. The Committee was also to identify a variety of approaches to adapt to these changes. One particular aspect for consultation was to be the impact on workers and employers of technological change in the workplace. In addition, the Advisory Committee was asked to consider the options for workplace innovation and ways to assist and support workplace adaptation and renewal.

The Advisory Committee did its work within a short time frame, relying mainly on consultations, discussions and research by individual members on fundamental questions and key issues related to its mandate. The Honourable Alfonso Gagliano and members also hosted a Round Table on the Changing Workplace in September 1996 and chaired sessions for the National Forum on the Information Highway and Workplace Issues in February 1997, incorporating findings in their parts of the Advisory Committee's report.

The Committee's report starts with a Background chapter on the Advisory Committee's work. In Chapter 2 on Changing Realities, Enduring Needs, the Advisory Committee outlines some of the major dimensions of recent workplace changes, with particular emphasis on the structural changes produced by globalization, computerization and changing labour market institutions. It then looks at the enduring needs of Canadians, at different stages of the life cycle, and discusses how workplace change might better meet the needs of children, youth, adults and senior citizens. There is also a short analysis of term "labour market flexibility" and how it is interpreted differently by various groups.

The report then includes chapters written by individual committee members in which they each examine the key issues in the areas that they studied, and lay out their personal conclusions and recommendations. The Advisory Committee had identified nineteen areas of study early in its work, and each member pursued several of these areas.

Manisha Bharti looks at the situation of youth in Canada and the problems they are having in making the transition from school to work. She discusses the particular difficulties that less-educated young Canadians are having in the context of the changing workplace and suggests that these youth need a lot more help if they are to make a successful transition to work. She also examines the importance of the social economy as a source of meaningful employment for and a place where young Canadians can develop skills and acquire the work experience they need. The social economy could be seen as the growing part of the economy which brings together governments, businesses, youth and retired people. She makes a number of recommendations with regard to both youth and the social economy.

Serge Brault analyzes the forces of change affecting the workplace, both at the institutional and the workforce levels. He examines the current labour regulation and labour relations framework, with its heavy reliance on a stable employment relationship, and identifies certain policy gaps in regard to new forms of work. He concludes that the employment relationship and labour relations have undergone a fundamental change in the new economy, and that the realities of the new workplace have to be expressed by new concepts and new institutions. With regard to labour standards, he concentrates on some aspects associated with the actual design and function of legislation on labour standards in the new economy. He concludes with a description of various measures that should be part of an integrated policy response to the numerous challenges posed by the new world of work.

Alexandra Dagg describes and analyzes the changing workplace from the perspective of working people and unions. She stresses the central importance and positive economic role of collective bargaining and employment standards in providing both basic security and access to fundamental rights for working people in a “new economy”, and argues that these labour market institutions must be strengthened rather than weakened. She also makes some recommendations for change in collective bargaining to address the barriers to collective representation, and for changes to labour laws and employment standards to more fully take into account the growth of precarious and contingent forms of work, as well as to strengthen current standards. She also makes reference to the need to assist in particular women, youth and other disadvantaged groups.

Josée Goulet highlights the influence of new technologies on the workplace, the increasing pace of change, and the fact that new technologies are being used across all industry sectors. She then addresses the impact of new technologies on business management and on organization of work, particularly effects on job creation, new pressures on workers and businesses, impacts on business efficiency, speeding up changes in organizational structure and corporate culture, stimulating or requiring new approaches to labour relations, and facilitating new work

arrangements, telework and an increase in non-standard jobs. She reviews the needs of workers for training, as a result of the adoption of new technologies, and identifies training as a key factor for success. She concludes that each workplace group must make an original contribution to the process of change which the widespread adoption of new technologies will entail.

Lars Osberg reflects first on the issue of distribution of risk and reward in the new workplaces — workers are being asked to bear more of the risks of economic change, with no commensurate increase in their share of rewards. Then he considers the implications of workplace change for social polarization, for training and for collective bargaining. He highlights the dysfunctional effects that result from the tendency of groups (government, business and labour) to look at only those aspects of workplace change that most affects their own group and to defend their own turf, rather than looking at the changing workplace as a whole, and stresses that the social implications of workplace change depend on its context, particularly on whether or not alternative jobs are easily available — hence a macro-economic policy which maintains aggregate demand is crucial. He then addresses specific issues relating to the increasing inequality of working hours in Canada, the role of payroll taxes and employer-paid fringe benefits, the needs of individuals for financial security, a range of enforcement mechanisms, and the need to address the particular concerns of older workers and youth. He makes recommendations for institution building, the distribution of working hours, the level of indirect labour costs, the enforcement of labour standards and policies to deal with retirement and the minimum wage.

Andrew Sims looks at three areas in particular. The first area is the way the workplace has been used as a vehicle for employees to secure protections for themselves and their families through insurance programs, pensions and similar benefits, and the way that this could change given the new realities of work and the new opportunities afforded by technology. The second area concerns the skills needed to be an effective employee, in a satisfying yet innovative and competitive workplace, how we influence the acquisition of those skills through our workplace practices, and the role employees' organizations might play in skills development. The third area relates to the techniques we use for administering workplace legislation and how to use the opportunities created by new technology to improve the quality, accessibility and effectiveness of our workplace legislation while reducing its unnecessary burdens.

Conclusions and Recommendations of the Advisory Committee are described in Chapter 9. The Committee members concluded that the workplace and employment relationships are undergoing major changes, which are occurring at an increasing pace, particularly with the use of new technologies across all industry sectors. Self-employment, short-term contracts, telework and other forms of non-standard employment are increasing in importance. Structural change has been a Canadian reality for many years, and it is accelerating. Workplace change needs to be looked at with regard to how it might better meet the needs of children, youth, adults and senior citizens.

The following are the seven broad recommendations identified by the Committee:

1. The labour regulation framework (i.e. labour standards, occupational health and safety, labour relations, etc.) does not have to be the same in all sectors, but it does have to set a common base and deliver the same basic human rights to all workers — including those in contingent and precarious employment.
2. Investing in people is key to Canada's future — unions, firms and governments have to work together to ensure that all workers have access to meaningful training opportunities.
3. Public policy should not create artificial incentives for a longer work week or for creating part-time jobs at the expense of full-time ones.
4. There should be new provisions for diverse modes of representation in labour relations legislation for workers in the new economy.
5. New models to improve access to, and portability of, social benefits (e.g. supplementary medical plans, dental plans, vision plans, pension plans, etc.) that are traditionally associated with employment need to be considered.
6. Government should exercise leadership and provide support for efforts to use the social economy and the voluntary sector to provide training opportunities and work skills development.
7. Governments should actively promote and facilitate institution building for a wider continuing dialogue on issues related to the changing workplace.

Included as Appendices to the report are Member Profiles, descriptions of the Advisory Committee's Mandate and Terms of Reference and descriptions of the Committee members' principal areas of study (Nineteen Points of Discussion).

# **CHAPTER 1. BACKGROUND**

The workplace is of strategic importance to Canadian society and the Canadian economy because it is what drives economic expansion, mobilizing capital, technology and resources. The major changes currently taking place in the workplace have an impact on workers, their families and the communities in which they live.

The federal government is responsible for providing dynamic leadership and promoting an environment conducive to growth in order to meet the expectations of Canadians. If Canada is to increase its export levels and competitive ability, Canadian workplaces have to be able to adapt and innovate. This ability to adapt to change strengthens our country's spirit of enterprise and competitiveness. Canadians must work together to find new ways to meet this challenge.

**The Minister of Labour** has special responsibilities with regard to workplaces under federal jurisdiction. Many such workplaces, such as telecommunications firms and banks, are developing in a world of rapid technological change and must face the challenge of remaining competitive at the global level.

The aim of the Collective Reflection on the Changing Workplace, initiated by Minister Alfonso Gagliano in August 1996, is to establish a framework to contribute to economic growth and job creation in the following ways:

- Encourage innovation, investment in human resources management practices, and the promotion of the benefits of a flexible approach.
- Establish an environment that will make it possible to increase productivity as workplaces adapt to change and innovation, thus ensuring a positive outcome for both employers and employees.
- Strengthen the security of the labour market by providing an environment in which innovative forms of work, adaptation to new types of skills and tasks, and mobility are important aspects of the process of change within the workplace.

The Advisory Committee on the Changing Workplace, was established on August 30, 1996, as part of the Collective Reflection, to broadly examine the issues of the changing nature of work and the workplace, considering the emerging needs of and impact on workers and employers.

The Committee, chaired by Minister Gagliano, is made up of six part-time members:

**Serge Brault**, a full-time labour mediator and arbitrator, and a former Vice-Chairman of the Canada Labour Relations Board;

**Manisha Bharti**, a student from Cornwall who took part in the Ontario Royal Commission on Learning;

**Alexandra Dagg**, Director of the Ontario District Council of the Union of Needle Trades, Industrial and Textile Employees;

**Josée Goulet**, Vice-President - Product Management, Bell Canada;

**Lars Osberg**, professor of economics at Dalhousie University in Halifax; and

**Andrew Sims**, an Edmonton lawyer specializing in work-related issues and former chair of the Task Force to Study Part I of the *Canada Labour Code*.

Members' Profiles are contained in Appendix B.

The Committee's main topics of study are new forms of employment, the innovative workplace and work arrangements. Further details are provided in the Advisory Committee's Mandate (see Appendix C) and Terms of Reference (see Appendix D).

The Advisory Committee investigated issues arising out of the changing nature of work and of the employment relationship, the incidence of such changes on new work arrangements in various sectors of the Canadian economy, and the implications for workers and for employers, and identified a variety of approaches to adapt to these changes. One particular aspect for consultation was the impact on workers and employers of technological change in the workplace. In addition, the Advisory Committee considered the options for workplace innovation and ways to assist and support workplace adaptation and renewal. The Advisory Committee also considered desirable characteristics of the workplace of the future to suit both the needs of employees and employers, and suggested some visions for the workplace of the future, and provided advice on moving towards the realization of such a workplace.

In carrying out its work, the Committee took into account the major differences that exist between large, medium-sized and small businesses and between unionized and non-unionized workplaces.

There are many issues facing the workplace of the future. Under the three main themes, Advisory Committee members identified the following nineteen points of discussion to guide their work (see Appendix E, Nineteen Points of Discussion, for descriptions of each area of study):

- Enduring Needs/Changing Realities
- Existing and Emerging Forms of Work
- Definitions to Meet Changing Realities
- Employment and Income Inequality
- Models of Representation
- Taxation and Labour
- Social Security and Portability and Mobility of Benefits
- Third Party Benefit Programs
- Workplace Training and Delivery
- Unpaid Work
- Setting Suitable Standards
- Enforcement of Standards
- Management Practices
- Innovation
- Dispute Resolution
- Intensification and Distribution of Work
- Family-Friendly Policies
- Youth Employment
- Technological Enablers

Full descriptions of these nineteen points were provided on an interactive website. The website included a conference area, to provide an opportunity for Canadians to share their experiences, make their views known, and openly discuss matters relating to the changing workplace (see Appendix F).

In carrying out its mandate, individual members of the Advisory Committee consulted with labour, employers and their associations, the provinces, and other interested groups and individuals. A number of consultation sessions, of various sizes, were organized by individual members in pursuing their areas of study. The following are examples of some of the more formal consultations sessions.

The Committee's first public activity was a Ministerial Roundtable on The Changing Workplace, held in Ottawa on September 11, 1996. It was attended by some 30 representatives of unions, business, university circles, non-governmental organizations and industrial relations specialists.

In response to invitations by the Canadian Labour Congress and by the Canadian Bankers Association, the Chair of the Committee and four Committee members visited a series of workplaces and had discussions with workers on November 29 in Toronto.

Minister Gagliano hosted a conference organized by the Government of Canada and the Organization for Economic Cooperation and Development (OECD) on December 2 and 3 in Ottawa, with some 150 attendees, entitled “Changing Workplace Strategies: Achieving Better Outcomes for Enterprises, Workers and Society”. This international tripartite (business/labour/government) gathering focused on workplace issues related to technological and organizational change. Two Committee members also participated in this conference.

Members also chaired regional sessions for the National Forum on the Information Highway and Workplace Issues, held in February 1997, and incorporated findings in their parts of the Advisory Committee’s report. Minister Gagliano chaired the national session for this forum (see Appendix A).

This Advisory Committee Report consists of chapters prepared by individual members based on their research and consultations in their areas of study, along with jointly drafted introductory and concluding chapters. Readers may take issue with some statements made by individual members, or may disagree with the use of statistics to support their conclusions. Readers should note that the Minister of Labour or the Government of Canada do not necessarily endorse all statements made by individual members. Such statements and approaches may serve to open up and to further the debate on the changes affecting the workplace.

## **CHAPTER 2. CHANGING REALITIES, ENDURING NEEDS**

### **Introduction**

Canada's workplaces are changing with unnerving rapidity, and since the world of work casts a long shadow on the rest of life, many Canadians are anxious about the future. The first part of this chapter outlines some of the major dimensions of recent workplace change, with particular emphasis on the structural changes produced by globalization, computerization and evolving labour-market institutions. Workplace change has also been driven partly by the changing labour-supply decisions of individuals, and is always conditioned by the business cycle and the macro-economic policies that influence aggregate demand. But whatever the causes of workplace change, Canadians want it to be consistent with their enduring needs. The last part of this chapter therefore looks at some of these needs at different stages of the life cycle, and discusses how workplace change might better meet the needs of children, youth, adults and senior citizens.

### **Changing Realities**

The 1990s have witnessed dramatic structural changes in Canada's workplaces, but there is also a lot of continuity. One thing that has *not* changed is the importance of jobs. The vast majority of Canadian families continue to depend on their labour-market earnings as the primary source of family income, and the vast majority of workers continue to be paid employees. The labour-force participation rate of prime-age males has not changed significantly in many decades; and in 1997, as in 1947, most of these workers are in jobs that will last for some years — in many cases until they retire. Work remains fundamentally important for Canadians, because it has always been true that having a job has a social and psychological importance that goes well beyond mere income. It is just as true today as it was a century ago that the type of job that an individual has, or the fact that an individual is unemployed, fundamentally affects the quality of their family and social life.

Furthermore, some of the most profound changes in the Canadian labour market are driven largely by changes in the individual decisions of Canadians. Women have, for example, fundamentally changed the nature of their work over the last forty years by shifting en masse from unpaid labour in the home to paid employment in the labour market. Although in some cases this shift has been driven by economic necessity, there is good reason to think that in many more instances it represents a fundamental change in preferences, self-image and possibilities. Similarly, many Canadians have, in recent years, retired from the labour force much earlier than was the norm for their parents' generation. (The average retirement age in 1994 was 60.4 years.) Some people have been pushed

out of jobs before they really wanted to be, but the long-term trend to earlier retirement represents for most people a major improvement in the quality of their lives. In thinking about forces for change in Canadian workplaces, therefore, one must emphasize that some changes have occurred precisely because individual Canadians wanted them to happen.

As well, some changes have been fundamentally positive. The good news about the economy is that Canada is on its way to becoming, in the long run, the high-skill end of the North American continent. Thirty years ago, young Canadians were poorly educated compared to young Americans; but high school completion has risen significantly in Canada, while stagnating in the US. Counting those who return to school after an absence, about 85% of 24-year-olds were high school graduates in 1995 in both countries, but there is good reason to believe that a Canadian high school diploma means more.

Although the US educational system has pockets of excellence, it is in serious trouble overall. Internationally comparable tests of student achievement in science and mathematics indicate that Canadian students significantly out-perform American students, and a much larger proportion of Canadian 18-year-olds take those subjects at the senior high school level. Canada has changed from a country in which only 15.4% of young people were enrolled in post-secondary education in 1967 (many fewer than in the US), to a country in which 79.9% of high school graduates have, by the age of 24, acquired some post-secondary training (compared to 54% in the US).

Since a person who left school at sixteen in 1967 is only 46 today, for some years to come the Canadian economy will feel the influence of lower educational attainment in the past. However, Canadian society has made a major investment in education, and the youth who are now entering the “information economy” are the best-educated cohort of Canadians ever. As long as Canada maintains its investments in educating the new generation of workers and enhancing the skills of older workers, the long-term outlook for the productive potential of the Canadian economy is very positive.

The changes that worry people have come from the demand side of labour markets. In the 1990s, the dominating fact about Canadian labour markets has been the fact that the current productive potential of the economy has not been realized, and that there have simply not been enough jobs for available workers. The unemployment rate has been in double digits for much of the decade, and would be significantly higher if more than a half-million Canadians had not withdrawn from the labour market and stopped actively searching for employment. The depth and duration of this period of high unemployment, and the decline in general living standards that it has produced, is unlike anything Canadians have experienced since the Great Depression of the 1930s.

However, something that has gone on for a long time tends to become accepted as normal. Canadians’ expectations about the future have become severely depressed; polling evidence indicates that most Canadians anticipate similarly high unemployment ten years from now. In a country that has historically been

able to promise material progress, i.e., that each generation of children should expect a more prosperous life than that of their parents, there is a new pessimism, and a fear that future generations will be worse off.

Why has this happened? If this is the best-educated cohort of Canadian youth ever, why was the youth unemployment rate 17.0% in April 1997? Why do so many skilled young people have to leave Canada to find employment? Why do laid-off older workers face such a long period of unemployment before locating replacement jobs? Why do the employed worry so much about becoming unemployed?

In any economy there are always some vacancies, (if only because some workers are always retiring or dying) but the sheer number of unemployed in Canada (approximately 1.5 million) dwarfs the number of vacancies. And the availability of skilled and willing workers does not create jobs. Jobs are created only if firms think they will be able to sell what those workers can produce. There is not enough demand for labour in Canada because there has not been enough demand for goods and services.

Although economists may disagree about precisely what they think the “potential output” of the Canadian economy is, nobody claims that Canada has come remotely near to producing at capacity in the 1990s. In the medium term, the monetary policy of the Bank of Canada and the fiscal policies of the federal government are major determinants of aggregate demand and capacity utilization; both agencies have been clear about their priorities — reducing inflation and cutting the deficit.

In the resulting milieu of job scarcity, there has been a substantial growth in the popularity of apocalyptic futurology. Best-selling books proclaim “the end of work”, and it has become commonplace to hear pundits and ordinary people prophesy cataclysmic gloom and doom. Although economics is sometimes said to be “the dismal science”, professional economists are today (relatively speaking) the optimists, since many now agree that the Bank of Canada’s aggressive pursuit of zero inflation has played a major role in creating and sustaining the high unemployment of the 1990s.<sup>1</sup> (Which is an optimistic analysis if it is possible to persuade the Bank of Canada to change its monetary policy.)

Chronic inadequacy of aggregate demand in the 1990s has been superimposed on a labour market that is undergoing significant structural change, with the result that there has been no place for laid-off workers to go to. The job losses produced by structural change in specific firms and industries have therefore become confounded with the aggregate unemployment produced by insufficient growth in aggregate demand. But although the high interest rates of the early 1990s made structural change more painful by reducing job creation and decreasing the extent

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<sup>1</sup> See, for example, Pierre Fortin, “Presidential Address: The Great Canadian Slump”, *Canadian Journal of Economics*, vol. XXIX, no. 4, November 1996, pp. 761-787

of voluntary labour-market mobility, structural change has still created significant issues, and would do so even if the Bank of Canada were to switch its emphasis towards maintaining low interest rates.

Canada has always been a nation heavily dependent on foreign trade, but the extent of our dependency has increased with stunning rapidity in the 1990s. In 1970, exports of goods and services were 24.7% of Canadian GDP and rose to 30% over the next 20 years. Between 1990 and 1996, the percentage of GDP exported increased to 43% of GDP (measured in 1986 prices). Imports have increased in somewhat smaller proportion; the resultant growing surplus in our balance of trade has been the major source of good news in growth of employment in the 1990s.

The rapidity of the increase in the importance of foreign trade and its context is unprecedented. In prior decades, Canadian governments reserved the power to limit the impact of foreign trade on vulnerable sectors of the Canadian economy, through tariffs, quotas or restrictions on foreign investment; hence, Canadians knew that they had some degree of control over the impacts of trade. Since adoption of the Free Trade Agreement of 1988, and the North American Free Trade Agreement of 1993, Canadians know that such restraints on the impacts of foreign trade are no longer an option. Globalization has brought new opportunities, but it has also brought new anxieties.

The competition of low-wage labour in less-developed countries has often been blamed for the disappearance of many manual jobs in manufacturing, but although Canada is heavily dependent on foreign trade, there remains a large fraction of the economy that is not directly exposed to international competition (e.g., construction, the personal-services sector, health and education). As a result, the impact of free trade is inherently concentrated on some industries, but it is hard to think of a firm or an industry that has been untouched by computer technology. Computer-based technologies have affected *where*, *how* and *when* work is done, and they have also affected how many people do it. In some instances, computers have displaced labour by enabling greater process mechanization and increased efficiencies in resource utilization. In other cases, the dramatic drop in computing costs has created whole new industries and whole new categories of employment.

The marriage of computer and telecommunication technology has also had fundamental impacts on the spatial organization of employment. Corporations are both centralizing and decentralizing. Executive and design functions are becoming concentrated in major metropolitan centres, while other functions (e.g., call centres) are often moving to the regions. Much employment that used to be tied to a particular location is now “footloose”, and could be anywhere. Since Canada’s regions compete for jobs, and it is not yet clear which regions will end up as net losers or winners, (or, indeed, whether some jobs will even remain in Canada), the process generates considerable anxiety. But the information highway also generates new options. There are new possibilities for distance education and tele-medicine that can go at least some of the way to redressing the disadvantage

in social services that small, isolated communities have faced until now. Entrepreneurs can now service world-wide urban and rural markets via the Internet. Within cities, some individuals now have new options in "telecommuting" and new potentials for self-employment.

The positive and negative potentials of the computer revolution in terms of *where* work is done are mirrored by the positive and negative implications of *how* work is done. With computer-based corporate information systems, firms have found it possible to adopt new forms of organization, frequently eliminating several layers of middle management — a process that also implies eliminating many traditional career paths and devolving greater responsibility and decision-making to shop-floor workers. For workers, the pluses and minuses in this trend to "delayering" and "empowerment" may go either way. Similarly, although computers have liberated many workers from much repetitive drudgery, they have also enabled firms to monitor much more exactly the flow of work, and thereby to increase work intensity through more efficient scheduling. When combined with a general trend to "downsizing", the result can be a significant increase in workplace stress.

The impacts of new information technology on the world of work have been dramatic, pervasive and extremely rapid — and we all know that it is not nearly over. But in the proliferation of new technologies, many Canadians also worry that the balance between human needs and technological possibilities may be getting lost. When governments and firms use computer kiosks and voice-mail systems to replace jobs and people, the benefit is in the bottom line, but there may be a cost in the frustrations of functioning in an increasingly faceless society. Furthermore, access to the new information technologies costs money, and because the technology is evolving rapidly, it costs money to keep up. Hence, there is a widespread concern that unless some mechanisms are found to ensure widespread access, the full potential of new technologies (such as the Internet) will not be realized, and society may become polarized between those who can participate and those who cannot.

Change within Canadian workplaces has been driven by the globalization, technological change and inadequate macro-economic demand already discussed, and also by the changing social context of Canadian workplaces. As long ago as 1991, the Economic Council of Canada noted that growth in "non-standard" employment had accounted for 44% of total employment growth in the 1980s (especially concentrated among youth and women), and the trend has continued unabated in the 1990s. However, the generic term "non-standard" is of limited analytical usefulness, since the problems and prospects created by each type of non-standard employment differ significantly.

The fraction of total employment that is self-employment has, for example, increased from 13.3% in 1986 to 17.9% in April 1997, and the growth of self-employment may be accelerating, since self-employment has accounted for all of the net employment creation of the 1990s (in April 1997 the number of employees in Canada — 11,355,200 — was actually marginally less than the 11,393,100 employees of April 1990). However, although some analysts

emphasize the large and rapid recent increase, others point out that the self-employed remain a small minority of the workforce. Viewed from one angle, the trend to self-employment can be seen as increasing entrepreneurial dynamism and flexibility in the Canadian economy. The view from another angle might emphasize the erosion of the tax base of the income tax system, and the shrinking coverage of payroll tax-based programs, such as the Canada Pension Plan (CPP) and Employment Insurance (EI).

Furthermore, in some cases the legal form of employment may have changed — but not the practical reality. In situations where firms and government departments still retain control over the nature, pace and timing of work, the trend to self-employment raises new questions about how labour standards can be kept effective and fair. If the practical outcome is just a relabelling of some employees as “self-employed” subcontractors, as a way of reducing the cost of employee benefits, then workers lose employee benefits, and the employers who avoid these costs gain an unfair competitive advantage over firms that comply with the intent of labour standards legislation.

Over the past decade, part-time employment has increased from 16.7% to 19.1% of total employment, of whom about two thirds are voluntarily part time. It is only the involuntarily part-time employed who represent a social problem. Since Statistics Canada has collected, for many years, statistics on involuntary part-time employment, it is well known that the prevalence of involuntary part-time employment varies with the unemployment rate — i.e., when jobs are hard to find, many people who would like full-time work can only get part-time employment.

Unfortunately, there are no similar statistics on other dimensions of non-standard employment, or on the causes of workplace change. Without good statistics on trends in short-term contract employment, on-call working arrangements and casual day labour, one cannot be quite as sure about the causes of the growth in these forms of employment. One implication of very rapid change in the structure of Canada’s job market is that it creates the need for continual investment in analysis, and in the statistical base that informs such analysis, because yesterday’s answers refer to yesterday’s problems. Since this investment has not fully been made, we cannot be as sure of some issues as we should be; but there is every reason to suspect that high unemployment increases the percentage of people who accept such arrangements only because they have no alternative.

“Non-standard” employment arrangements have always existed; what is new in the 1990s is the rapid growth of such employment forms, and the social context. “Telecommuting” is, for example, not a fundamentally new institutional form of work: in the clothing and textile industries, the “putting out” system of subcontracting weaving and sewing work to home workers has been around since the Industrial Revolution. Despite its recent growth in Canada, it could be argued that self-employment is in fact significantly less important now than it was before World War II, when the family farm was the dominant form of agriculture, absorbing approximately 40% of the Canadian labour force. Although “telecommuters” and self-employed graphics designers now use new computer

tools, their social relations of work have a long history. And the insecurity of on-call work arrangements and casual, day-to-day labour has always coexisted in the Canadian labour market with the job security of the more fortunate.

What has changed in the 1990s is the proportion of non-standard employment and the context of such workplace arrangements — and it is these two factors that together determine the number of people who are in these work arrangements because they have no alternative, rather than by choice. It is worth stressing that since some people prefer non-standard arrangements, it is only the involuntary who represent a social problem.

Non-standard employment has increased partly because it has become more feasible for firms to offer such jobs. Computerized information systems have made it far easier for firms to track the fluctuations in their need for labour and to keep tabs on a constantly changing workforce. Part-time work has also increased because more people want these jobs, in order to combine family responsibilities and paid work. As well, the economy has shifted away from the production of goods, and towards services, in which part-time and contingent work has always been more important. In a more fast-paced, competitive environment, many firms have also seen an increased need for the labour-market flexibility represented by non-standard employment arrangements, and high unemployment has meant that switching from a strategy of hiring permanent workers to a “just in time” labour force strategy does not expose firms to the risk that labour will not be available when it is needed. The large pool of unemployed means that firms can usually be sure that they can have their pick of casual workers.

All these factors have combined to produce an increase in non-standard employment — but none of these trends are entirely new. There has always been some non-standard work, and in the past employment standards and collective bargaining have been important mechanisms which limited abuses in these arrangements. An important part of the context of greater non-standard employment in the 1990s is, therefore, the weakness of the trade-union movement. Where management has often stressed the virtues of the labour-market flexibility that these arrangements entail, trade unions have traditionally stressed their costs in economic insecurity to workers, and unions have bargained for worker protections. However, the trade-union movement in Canada has been on the defensive in recent years, partly because of high unemployment and partly because of the near total collapse of the trade-union movement in the USA, and because of the fear that this collapse will spread northward.

As a percentage of the labour force, the trade-union movement is now larger than it was in the 1960s, so there is an even greater need now than there was then for constructive dialogue between business and labour. However, the political context has changed. In the 1960s, there was often a recognition that ongoing dialogue and some degree of consensus on shared objectives would be facilitated by interaction and by joint participation in the research that defines the “fact base” on which both business and labour base their negotiating positions. Labour representatives were, for example, invited to sit on the Board of the Economic Council of Canada when it was created. There was also some recognition then that

labour law would function better when it had some legitimacy in the eyes of both parties; for example, Nova Scotia had a tradition of sending proposed amendments to labour legislation to a joint labour/management committee, to see if consensus could be reached.

Some of these traditions continue, notably in Quebec, where there is a broadly based attempt to find common ground between social partners; in such ongoing institutions as the Canadian Labour Market and Productivity Centre; and in such events as the National Forum on the Information Highway. However, there is also a worrying trend to a new level of ideological commitment, and a new habit of imposing change (for example, the recent series of amendments to Ontario's labour laws). Canadians may have a long and honourable tradition of realism and compromise, but there has also been an increase in our imports of "union-free" rhetoric.

In this new labour environment, the number of strikes may have declined, because workers are now more fearful about the possibility of losing their jobs, but quiet does not necessarily mean happy, or productive. Changes that are imposed from the top may or may not be good ideas, but even if they have some good features, without cooperation they are unlikely to yield their full potential benefits, and may well not last. Furthermore, in an increasingly polarized discourse, one may often find both parties talking, but neither listening; the same words can come to mean different things to different people. Without some effective forums of communication, it can become increasingly difficult for people to realize where they have, in fact, interests in common. To build a fruitful dialogue, both parties need to be able to get beneath each others' rhetoric — and that takes time and constructive interaction. (See Appendix: Labour Market "Flexibility" — What Is It?)

The debate about workplace issues is really only part of a larger debate about the role of the state and the direction of social policy. The outcome of this wider debate is crucial for Canada's changing workplaces, because institutional arrangements and fringe benefits within workplaces are always determined within the context of the social policy framework, and therefore they change when the social policy framework changes. Sometimes the link between social policy and workplace arrangements is formal and contractual — as when defined-benefit private pension plans are integrated with the Canada Pension Plan or when employers (e.g., the auto-makers) pay supplementary unemployment benefits, in combination with EI. More often the link is implicit, as in the much smaller cost of health insurance as a fringe benefit in Canada compared to the US cost, or the relative importance of the courts in labour issues.

In Canada, business representatives often argue that there is excessive regulation of workplace issues, but there is not often much recognition that workplace standards and public intervention represent one mode of dealing with workplace issues, whose costs and benefits should be compared to their alternatives. Historically, the establishment of systems of Workers' Compensation owed as much, or more, to employers' desires to rid themselves of civil suits for the damages arising from workplace accidents, than to employees' desires for income

security. By replacing individual suits for the redress of damages with a collective system of risk pooling, Workers' Compensation substantially reduced the administrative costs and uncertain liability that firms would otherwise have faced. Although the public systems of Workers' Compensation in Canada have flaws, they have also succeeded in providing better benefits at substantially lower administrative costs than the more litigious and partly private systems of the US.

In general, societies can provide for public, collective remedies, or private individual solutions. Societies can, for example, leave the issue of sexual harassment in the workplace to the civil courts, and have aggrieved individuals sue for damages, or they can establish collective remedies through workplace regulation. There is a much greater role played in the US by the court system, and more civil actions for employment equity and workplace hazards, than there are in Canada, where remedies have traditionally been more collective, and embodied in legislation or union agreements. It is certainly not clear that it is desirable to move in the direction of an increasingly litigious workplace, but that is likely to be the longer-term result if the collective remedies of the Canadian industrial relations system are replaced by a new individualism in social policy. However, Canadian social policy is in the midst of an upheaval, driven partly by deficits and partly by differing visions of the role of the state: the corollary is that the institutions of the workplace will not remain unaffected.

It may also be that Canada's provincial governments will want to choose different paths in labour legislation. Since over 90% of the Canadian workforce is under provincial jurisdiction, the federal government has little direct power to influence labour standards in workplaces. The federal government can try to set an example in its own legislation, and it can play a coordinating and research role, but there is currently no mechanism to prevent provincial governments from choosing entirely different approaches to labour legislation. If one province were to use low labour standards as a lure to investment, other provinces would come under pressure either to drop their own standards or to impose trade barriers against "unfair competition", and there would be little left of the idea of a Canadian social union.

The Canadian debate on workplace regulation has not yet begun to face up to the issue of "social dumping", but this has been an important part of the international debate. In bygone times, social policy and labour legislation were purely domestic issues. Today, the increasing globalization of the economy has been accompanied by a growing internationalization of social policy discourse and new trends to international standards in labour legislation. Canadians have become aware, for example, of both our high international ranking in overall quality of life, and our dismal record on child poverty compared to most other developed countries. Labour legislation within countries is increasingly an issue in international trade negotiations, e.g., in the labour standards addendum of the North American Free Trade Agreement (NAFTA). There are new pressures within world trading governance to enforce international standards on issues (like child labour) that in the past were not considered any of the business of the international community. Within trading blocs, new mechanisms (e.g., the Social Charter of the European Community) are being established to define "fair competition" between member

states. It is too early to say how much of this institutional change at the international level will filter down to workplace institutions within Canada, but it is safe to predict that there will be some impact.

## Enduring Needs

The world of work has far-reaching implications, influencing everything from how much we commute how our cities are organized, and where we live, to the predictability of our daily schedules and the quality of our family lives. However, while technological and market forces are changing the world of work with bewildering — even frightening — rapidity, fundamental human needs change very slowly, if at all. Furthermore, it is always worth remembering that, fundamentally, Canadians do not live to work — they work to live. The world of work is a human construction, and its organization should satisfy human needs at all stages of the life cycle.

Human beings are most needy when they are very young and entirely dependent on their families. Young children need full-time, full-year care, but the inflexibility of their needs often collides with the fact that their parents have to work outside the home. And an increasing number of employers are demanding flexibility in the scheduling, hours and location of work (e.g., in 1992, 22% of Canadian workers reported that they worked in an on-call arrangement with their employer).

Sudden demands in extra labour in peak periods of production are not a new phenomenon — the family farm, for example, has been for centuries a very flexible type of workplace. Historically, young parents could depend on their extended families for child-care support, especially at odd hours or at short notice. However, for many Canadians today, the geographic mobility that the labour market demands has meant a move away from their family roots. This mobility has foreclosed the option of reliance on their extended families, and affordable daycare is both scarce and limited in its hours of operation. As a result, the timing and numerical flexibility that employers value — e.g., the ability to make last-minute changes to shift schedules, institute mandatory overtime on short notice, or hire workers on short-term contracts, through temporary help agencies or through on-call arrangements — can create a highly stressful juggling act for many parents, and their young children.

Where informal family child care is available, or where the new flexibility of the 1990s labour market takes the form of homework (e.g., through telecommuting), there may not be much cost attached to the uncertainties created by employers' demands for increased flexibility. Institutional changes such as job-sharing also now enable some parents to maintain their earnings and career connections during the years when the time demands of family life are particularly pressing. Also, the widespread availability of flexible working hours is of major assistance to family life.

The basic point is that whether or not “flexibility” in work arrangements has costs or benefits for children and for families depends very much on the *type* and the *context* of that flexibility. Reducing hours of paid work can be a real help in reconciling the time demands of work and of family life — *if* job-sharing or part-time work at comparable pay and benefits is available. “Occasional” work looks even better if it comes with a premium rate of pay. However, if the only part-time options are low wage and dead end ones, labour market flexibility has a distinct cost to workers. Similarly, variability in work hours may not be particularly costly *if* adequate notice is provided and flexible child care arrangements exist.

If labour-market arrangements create significant stresses for Canadian families, Canadian society will pay the price in future years, as today’s neglected children become tomorrow’s troubled (and less productive) adults. Canadian society has a legitimate interest in ensuring that this does not happen. Given the enormous diversity of people’s individual circumstances and preferences, it is not appropriate for government to try to legislate uniform patterns of work arrangements — but it is reasonable to try to establish a context of labour-market flexibility in which fair choices are available. High-quality, flexible day care would be a great help to many families. Adequate notice of scheduling changes, and a fair choice between part-time and full-time would also help. Employment standards on such issues as the prorating of fringe benefits available to part-time employees, and the provision of adequate notice of scheduling changes would be useful initiatives.

As children grow into youths, they look for a sense of identity distinct from their family, and for a way to fit into the broader society. Getting a job is crucial to the transition from childhood to adulthood — and not just because of the financial independence that a paycheque brings. Having a job means having a concrete role in society that is not derived from one’s parents. Having a job also means having a specific vision of the future and some sort of answer to the question “What will I do when I grow up?”

All too often, in the 1990s, Canadian young people have either not been able to get a job at all or have been able to get only unstable, temporary or part-time work. In an environment of great job insecurity, the stages of life that their parents took for granted — buying a home, starting a family — loom as intimidating, risky long-term decisions, if they are not completely out of reach. Many people in their twenties now find themselves in a sort of limbo — unable to find a clear adult role for themselves in society, at an age when everyone expects they should. Indeed, unemployment and low wages have meant that many young people continue to live with their parents (or have been forced to return to live with their parents) long after the time they expected they would be on their own.

An enduring need of youth, in the 1990s as in the 1950s, is the need for a first “real” job that will start them on the adult path of earning their own livelihood, and being responsible for their own well-being. And although it has already been mentioned that the youth of the 1990s are the best-educated cohort of Canadians ever, and their skills are the basis of the productive potential of the future, one must also recognize that “use it or lose it” is a slogan that is as apt in describing

human capital, as it is in discussing physical fitness. As the International Adult Literacy Survey has found, in countries where people had jobs that used their literacy skills, those skills were retained and enhanced, but where literacy skills remain unused, the benefits conferred by years of education tend to waste away. It is therefore crucial that Canadian youth have the opportunity to use the skills they have acquired.

For adults who have been working for years, having a job is much more than just a way of earning money. As Jahoda puts it:

There are latent consequences of employment as a social institution which meet human needs of an enduring kind. First among them is the fact that employment imposes a time structure on the waking day. Secondly, employment implies regularly shared experiences and contacts with people outside the family. Thirdly, employment links an individual to goals and purposes which transcend his own. Fourthly, employment defines aspects of status and identity. Finally, employment enforces activity.

It is these “objective” consequences of work in complex industrialized societies which help us to understand the motivation to work beyond earning a living; to understand why work is psychologically supportive, even when conditions are bad, and, by the same token, to understand why unemployment is psychologically destructive.<sup>2</sup>

Although this quote is taken from a 1979 article, its context is a discussion of why — despite massive social change and the widespread availability of unemployment benefits at the time — the psychological consequences of unemployment that Jahoda observed in the 1970s were so similar to those that she had observed in the 1930s. As she stresses, no law has ever prevented the unemployed from creating their own daily order, sense of purpose and social contacts — but the practical obstacles and the continual psychological effort required are enormous. However, Jahoda was comparing the unemployment of the 1970s to that of the 1930s. How relevant is this analysis to the 1990s?

Although it is hard to argue that these psychological needs have suddenly disappeared, it must be recognized that some aspects of new workplace arrangements do not meet them particularly well. In the 1990s, polling data indicate that work continues to be an essentially important activity for Canadians, as it is for the citizens of other developed nations. However, the changing world of work creates new problems, as well as new opportunities. For example, Canadians who telecommute, and spend their workdays at their home-computer screens, face distinct problems of social isolation. Those who depend on a series

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<sup>2</sup> Marie Jahoda, “The Psychological Meanings of Unemployment”, New Society, Sept. 6, 1979, pp. 422-425

of short-term job assignments may find it hard to stick to a predictable pattern of day-to-day life and thereby avoid a disorganized lifestyle. And those who have no assurances of job security are unlikely to be able to find the same sense of occupational identity as those who can expect their jobs to continue.

In the past, workers' needs for a defined status, social identity and sense of common, larger purpose, and the needs of firms for committed and loyal employees, have often found a mutual solution. Both workers and firms have benefited from the commitment of Canadian workers to their jobs. However, the key variable in this equation has been the mutual belief that the link between worker and firm would continue into the future, otherwise it would make little sense for individuals to identify their own goals with the long-run prospects of their employer. In Canada, employment security has almost never been unconditional; it has always been clear that nonperformance on the job or a collapse in the firm's revenues could mean layoff. However, the assurance that, barring a disaster, both parties expected the match to continue, and would make all reasonable efforts to maintain the relationship, was historically the glue enabling workers to commit themselves to company goals. Today, the unwritten contract between employers and employees has changed, and an increasing number of firms are asking their employees to commit themselves to company goals *without* any promise of continued employment.

While this trend is not universal, and many firms continue to make their traditional pledges of job security to longtime employees, everyone's insecurity is increased when major employers announce mass layoffs and proclaim that "job security is dead". In the rhetoric of a new breed of "human resource managers", change is the new constant of the business world and workers are going to have to get used to the idea of a succession of career changes and the need to reinvest continually in the skills that will make themselves marketable.

In practice, short-term contracts are often renewed, and although the proportion of short-term jobs has risen, the actual duration of completed job spells in Canada has not changed dramatically in recent years. But there is a new level of anxiety about the future. The continued presence of high unemployment and the rarity of employer commitments to job security have contributed to a pervasive feeling of economic insecurity in Canadian society. In repeated polling in the 1990s, between 42% and 48% of Canadians agreed with the statement "I feel that I have lost all control over my economic future", and approximately the same percentage thought there was a good chance that they would lose their job in the next couple of years.

Although most Canadians are not "married to their job", there are some similarities between marriage and employment, since in both cases a search is required to find a good, mutually satisfactory, match for two very diverse partners. Traditionally, in both romance and work, individuals have experimented with a number of short-term attachments before settling into a long-term, multi-faceted relationship — and usually there has been some type of formal commitment. In both cases, individuals have always had the option of leaving, and have always had to decide whether to invest time and energy in maintaining the relationship. But

how realistic is it, in marriage or in the labour market, for one partner to announce, unilaterally, that although their commitment is now only short-term, the original level of commitment (or higher) is still expected from the other partner?

How convincing is the rhetoric that Canadians can find “career security” by continually retraining for new jobs, when the reality is a high-unemployment labour market? If a surge in aggregate demand were to bring unemployment down to extremely low levels (e.g., 4%), the easy availability of alternative employment would be somewhat of substitute for the end of traditional “job security”. However, even in this (rather unlikely) case, the loss of a job always means the loss of a particular social network, and the costs of job loss will always be significantly higher for those who have highly specialized skills, or live in smaller centres, and consequently have to relocate. Moreover, Canadians know that jobs are in fact now scarce, and polling data indicate that they expect high unemployment to continue. In the current context of economic anxiety, for the vast majority of people, the rhetoric of “career security through retraining” is therefore a very poor substitute for meaningful commitment. If no better option is available, people have to accept what is on offer, but long-term commitment and loyalty will not work if it is a one way street. Employers should not delude themselves that they can expect to retain worker commitment if there is no matching employer commitment to a continuing relationship.

To the extent that the labour market does shift away from long-term employer/employee matches, there will also be increasing tension associated with the recent trend to a decreased role for welfare-state social insurance. An enduring need of people is some mechanism of protection against the possibility of not being able to earn their own living — as recognized by Article 25 of the United Nations Universal Declaration of Human Rights (1948), which states:

Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other loss of livelihood in circumstances beyond his control.

Individual insurance protection against these risks is expensive, due to administration costs and adverse selection, but employer-paid benefit plans can cover part of the population — as in the case of health insurance in the US. However, the rationale for providing such benefits as a “social wage” to all citizens is not merely greater economic equity. Greater economic efficiency is also the result when universal programs are cheaper to administer, and set up fewer barriers to labour mobility. If Canadian governments continue to withdraw from their social insurance role, employer-paid plans will become relatively more important to individuals — and simultaneously less dependable, in the absence of job security.

In Canada, programs such as EI, Workers’ Compensation and the CPP have benefits that are tied to an individual’s prior earnings, and the distribution of their benefits therefore inevitably reflects the inequality of those earnings. Their

primary purpose is to decrease the economic insecurity that individuals might otherwise feel, by enabling them to have a concrete vision of a future lifestyle that is not too drastically different from the present, even if their earnings are interrupted. And since old age comes to us all (we hope), income security for senior citizens has a particular social importance.

Canadian social policy has had some major successes. Between 1975 and 1994, the percentage of Canadians over 65 living in poverty fell substantially, despite the fact that relatively few senior citizens can depend in their old age on private pension entitlements earned during their working years. (In 1994, 55% of Canadians over age 64 relied on Old Age Security/Guaranteed Income Supplement/CPP for more than half their pre-tax income.) However, although the old-age security system has successfully filled the financial gaps arising from the incomplete coverage and vesting of private pensions, the transition out of paid employment in Canada often fails to meet human needs.

Retirement is often an abrupt transition from 100% paid work to 0 percent. The abruptness of this transition fits poorly with the gradual evolution of individuals' interests and abilities. A gradual phasing in of retirement might be preferred by many, but is often prevented by employer practices and by the structure of pension entitlement calculations (e.g., the "last/best five years" earnings-based calculation for pension entitlement).

For the increasingly large percentage of the labour force that now works over 50 hours per week, the transition to retirement is particularly abrupt. Accelerating the trend to early retirement (which is often not entirely voluntary) can be a convenient way for business and government to downsize and to reduce their payroll of expensive senior employees, while creating some vacancies for younger workers; but the increasing health and greater expected life span of the population also means that many Canadians will spend several decades of their lives fit, capable and outside gainful employment. Since the leading edge of the baby boom generation is, in 1997, now just beginning to enter the years when early retirement (voluntary or involuntary) is a real option, one can expect the number of early retirees to increase substantially in Canada over the next decade. This trend may produce a massive social waste of human potential, and we may end up with many people feeling cut off from any useful role in society. Viewed from another angle, however, it may be a major social opportunity.

Senior citizens are in the fortunate position that they are excused from the social condemnation that the receipt of transfer payments otherwise provokes. Since programs now exist to guarantee senior citizens a livelihood, the link between income and work has, for many of them, been broken. For many seniors, it is now possible to work at what they think is important, rather than at what they have to do in order to make a living.

However, although there are many unmet social needs in Canada, and although many senior citizens have useful skills and available time, some form of social organization is needed to match available interests and capabilities with specific social needs. Expansion of the voluntary sector would seem to be highly

desirable — not least because many of the services that people need (e.g., “Meals on Wheels”) are really about caring, emotive labour, rather than just the production of commodities. The voluntary sector now plays a major role in Canadian society, but it should not be seen as a substitute for the public sector. Since many voluntary organizations derive a significant part of their revenue from government, and depend heavily on public-sector infrastructure, the voluntary sector will need financial support from government if it is to expand its role in Canadian society.

Institutional change may also be required. In today’s regime of job scarcity, public-sector employees have legitimate anxieties about their possible displacement by voluntary labour. Furthermore, employment standards legislation must be phrased so as to provide the needed protections against exploitation of paid employees, while still permitting unpaid volunteers to function effectively.

## Appendix: Labour-Market “Flexibility” -- What Is It?

The debates about “labour-market flexibility” represent a prime example of one of the problems that democratic societies encounter in engaging in reasoned dialogue on social change: different people frequently use the same word in different ways, with different meanings, often quite unconsciously and the word “flexibility” is a case in point. Because of this, some people will perceive that reasonable policy choices exist, while others will believe that there are no options to a particular policy. When these policies are important in the people’s lives, feelings can run high and participants in the public debate may end up being either “for” or “against” something rather vague. In frustration, Robert Reich (US Secretary of State for Employment) recently declared, “I do not know what the word “flexibility” is. Rarely in international discourse has a word gone so directly from obscurity to meaninglessness without any intervening period of coherence.”<sup>3</sup>

Reich goes on to say that “Some people, when they talk about labour-market flexibility, are talking about the freedom of employers to fire workers, the freedom of employers to reduce wages. I’ll tell you something. That kind of freedom is not going to lead to higher standards of living in any of our countries.” However, worker dismissal and wage cuts are only two of the possible dimensions of flexibility. Flexibility may also have positive dimensions that enable people to fit the world of work to the rest of their lives, more satisfactorily. There are at least five main dimensions to the concept of flexibility:

- 1) organizational,
- 2) functional,
- 3) numerical,
- 4) timing, and
- 5) labour cost.

Appeals for greater flexibility in the labour market, or protests against it, make little sense until the type of flexibility is specified and its trade-off recognized. There are many examples from around the world of inflexibility in one aspect of work arrangements being accompanied by flexibility in others, sometimes with important implications for productivity. For example, because of their guarantees of jobs for life, major Japanese corporations are notoriously inflexible in their total employment levels; however, they achieve high internal flexibility in reallocation of labour within the corporate enterprise (partly because of the loyalty that employment security creates), as well as substantial flexibility in average labour costs (due to the Japanese payment system of variable year-end bonuses). In general, a firm that depends on the numerical flexibility achieved by frequent

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<sup>3</sup> Quoted in “Adaptability Versus Flexibility”, Trade Union Advisory Committee to the Organization for Economic Cooperation and Development, Paris, March 1995.

layoffs may find it harder to adapt flexibly to new technologies, because the firm has to expect that its laid-off workers will drift away to other firms (taking with them their experience and their knowledge of the firm's technology), and that the remaining workers may feel that they have good reason to avoid cooperating in job-destroying technological change.

*Organizational flexibility*, or a firm's ability to adapt its business strategies to changing circumstances, is the larger context for workplace flexibility. Firms and government departments must continually scan their environment for emerging problems and opportunities; in order for an organization to change, it has to recognize the issues that need attention, and it has to devise and implement new business strategies. If this does not happen, or if it happens too slowly, the organization may go out of business or be faced with the need to lay off workers. Alternatively, if it is recognized early that demand for a certain product line is falling, and if the organization can quickly reorient itself to producing a replacement, the need for numerical flexibility may be significantly less, and the organization may have more time available to implement internal reallocations.

*Functional flexibility* is the ability of an organization to redefine job tasks. In some organizations, there is a fundamental change away from the idea of a defined "job" to a new expectation that multiskilled, multitasked employees will shift continuously among different job duties. In other organizations, change may be limited to refining the demarcation lines of individual jobs. Flexibility in job duties may, or may not, be combined with expectations for continual improvement in skills ("life-long learning" is the phrase often used). If firms expect skill improvement, their success will depend on the incentives that their workers have for skill acquisition, and on the training opportunities made available. Generic skills are potentially useful to a large number of employers, and workers may be willing to invest in such general human capital. However, in the absence of guarantees of job security, employees are unlikely to invest willingly in skills that are specific to a particular employer; hence functional flexibility is often, in practice, dependent on employment continuity.

*Numerical flexibility* involves changing the quantity of labour input. Firms can either vary the number of workers they employ, or the number of hours worked by each employee. Labour legislation can be crucial in influencing which type of numerical flexibility employers choose, and how they achieve it. Non-replacement of departing workers is a slow process, while layoffs are the most traditional method of quickly changing the number of employees. However, management can also use non-renewable or short-term contracts, temporary help agencies and contracting out to cut their total number of employees quickly. On the other hand, short-time working and reduced hours of operation — sometimes with government assistance, through programs such as the work-sharing option of EI — implies that the same decline in total working hours could be shared among all employees, rather than being concentrated on marginal, often low-seniority workers.

Partly because European firms face substantial severance payments if they dismiss employees, and partly for cultural reasons, firms in Europe have tended to achieve numerical flexibility by work-sharing, thus reaping the benefits of improved team cohesion and greater retention of skilled workers. US employers, on the other hand, typically do not have to pay severance if they lay off workers, but often do have to pay substantial fixed costs per employee (e.g., employer-paid health insurance premiums), hence, they have faced financial incentives (created by public policy) to use layoffs, rather than work-sharing, to cope with downturns in their demand for labour.

*Timing flexibility* refers to the ability of organizations to change *when* working hours are worked. To meet customer needs or to utilize more fully expensive capital equipment, firms may want to operate on a regular basis overnight, on weekends or on holidays. In some cases, these new schedules may not have been envisaged in labour legislation — as in the “fly-in” schedules of two weeks on/two weeks off now observed in some isolated mining sites. Scheduling regular shifts with clearly defined hours, even if those hours are “odd”, requires a flexible work force, but this is a different kind of “flexibility” than allowing workers to choose variable hours of work (although most employers continue to insist that workers on a variable schedule meet some minimum weekly number of total hours, and overlap with other employees for specified core hours of work). Changes in work schedules on short notice, at the employer’s discretion, as in contingent or on-call working arrangements, are yet another type of timing flexibility, and have quite different social implications.

*Labour cost flexibility* refers to the ability of firms to adjust, at fairly short notice, their average net cost per employment hour. During periods of inflation, employers can achieve flexibility in their real wages by allowing nominal wage increases to lag behind inflation, but the achievement of “price stability” in Canada in the 1990s has foreclosed that option. Bonus payments that vary with the firm’s profits can provide flexibility in average labour costs, but such plans have never been as important in Canada as in Japan — and really depend for their success on a long-term employment relationship, in which bad years can be averaged with good.

Since cuts in the nominal wages of workers are strongly resisted, and unilateral changes in fringe-benefit packages bring their own morale problems, downward flexibility in average real labour costs is now often limited to what can be achieved by limiting overtime that is paid at premium rates. In a zero-inflation environment, most firms find that greater wage flexibility can now really only be obtained through institutional change (e.g., profit-sharing plans or performance bonuses).



## **CHAPTER 3. MANISHA BHARTI**

### **Introduction**

As the sole youth representative on the Advisory Committee, I have chosen to focus much of my research on the particular concerns of young people with respect to the changing workplace. I have also focussed on how the new realities of today affect families, and what we as a society need to be doing in order to ease the burden of the tension between work and home.

Youth today, particularly the less educated, are having difficulty finding employment. Many are unemployed, and those who are working often have to accept contingent, low paying jobs that don't lead anywhere. It struck me that while these youth have a great need for support, they are often the last in priority on the government's "assistance list". The comments and recommendations I make in the first section of my report focus on the less educated youth and on the need to make them a clear priority for receiving assistance from government, labour, business, community and other organizations. I propose a number of tools that we can use help these youth acquire the skills they need to get precious work experience and without which they cannot land a job.

While studying these issues, I came across an idea which I think can help alleviate many of the pressures faced by youth and families and in fact, be of assistance to all Canadians. What I am suggesting is that our society recognize and develop the third sector of our economy — the social economy. I am by no means suggesting that the social economy is the panacea for all the ills faced by our society. However, I am saying that it is an ignored and crucial segment of society which I feel could play a role in addressing many of the societal concerns Canadians have expressed.

In the body of my report, I attempt to thoroughly describe what the Social Economy is and what it is not, and what I think should be done to mobilize it in the interest of Canadians.

Sweeping changes are occurring all around us, and the world of work is no exception. Driven by the changes of globalization and developing technologies, companies are fighting to stay competitive; governments are struggling to balance budgets, and small businesses are just barely managing to stay afloat. In an effort to survive, most areas of the economy are downsizing and are automating their operations. The inadvertent and negative side effect of these attempts to cut overhead is an increasing polarization of our society. The size of contingent workforce is increasing; there are more non-standard forms of work, and the jobs of entire departments are often being contracted out. These realities are creating a core of workers who have security and good pay — though they often have to work harder and longer. Some people are working too much, while others are not

working enough. As is often the case with societal change, those with the right skills, the entrepreneurial outlook, and the advantageous background have more opportunities. There remain, however, those groups in society who are more vulnerable and often bear the greater burden of the costs associated with change. This is certainly true for who groups in our society — namely youth and poor families with young children.

At the end of this paper, I have provided a short bibliography of the main reports and documents I consulted in preparing it. I also discussed the situation of youth with a number of people and met with young Canadians to get their views on the issues covered in this report. Focus Groups were also organized in three cities to explore these issues further with youth from different backgrounds. A summary of what we learned in these Focus Groups is provided as an Appendix to this report.

## Helping the Less Educated Youth

### *The Situation*

#### **A High Youth Unemployment Rate**

Youth represent a small fraction<sup>4</sup> of the workforce, and they have always been one of its most vulnerable segments. Young people typically suffer from unemployment rates which are double the rate for older workers. Traditionally, youth unemployment rates have been the first to increase in difficult economic times, and this scenario has certainly held true in the recent past. What is new however, is that young people do not seem to be reaping any of the benefits as Canada's economic situation improves. During the most recent recovery period, the gap between the youth unemployment rate and that of older workers did not narrow as much as it did in previous cycles.

It is not surprising to learn that young people today are severely affected in the workplace by difficult economic times. Typically, they are the ones who lack experience, are not protected by seniority, and thus have the least job security. What is also disheartening is the evidence which suggests that the youth of

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<sup>4</sup> In 1995, youth between the ages of 15 and 24 represented 17.1% of the total working population (15-64). This proportion was down from the level of 25.7% recorded in 1980. Source: Labour Force Survey data (1996 revisions), Statistics Canada, as quoted by Gordon Betcherman and Norm Leckie, *Youth Employment and Education Trends in the 1980s and 1990s*, Ottawa, Canadian Policy Research Networks, 1997, p. 3.

yesterday who entered the labour market during past economic downturns are showing patterns of increasing lifetime unemployment—not too hopeful a picture for today's youth.

However, within the group of young people as a whole, those with more education are more successful at finding employment. In 1994, the unemployment rate for youth aged 20 to 24 with incomplete high school education was over 25%; for high school graduates it was just over 15%; and for university graduates, the unemployment rate was under 10 percent.

Regardless of educational background, participation in the labour force for young people has fallen somewhat in the last few years. To a certain extent, this fact can be explained by increases in the number of youth enrolled in post-secondary education. However, what we should concern ourselves with is the group of young people who are not in school and who simply cannot find meaningful employment and cannot access training to increase their opportunities in the labour market.

Though it is often questioned, there is no doubt that as a group, youth recognize the value of education. The challenges they face in entering the workforce — coupled with their willingness to return to school to upgrade their already existing skills and to learn new skills — are factors which have created the most educated group of young people ever in Canada, both employed and unemployed. In 1995, more than 25% of the youth labour force held a post-secondary degree or certificate, compared with only 13% in 1980. Full-time school attendance among 15 to 19 year olds has increased from 66% in 1981 to 80% in 1991. Unfortunately, diplomas at both the secondary and post-secondary levels are much less of a guarantee of employment than they ever were. Nevertheless, they remain the best predictor of success in the labour market.

### ***The Concentration in Non-standard Jobs***

Although many university graduates may spend some time after graduation in the same type of jobs as high school students — low-wage, low-security jobs with little opportunity for advancement — within two or three years most have moved out of this sector to jobs related to their field of study. This is not the case, however, for high school graduates. Even after several years, most still find themselves in the low-skilled student sector. For those without even a high-school diploma, the picture is even bleaker.

Whether in school or not, young people between the ages of 15 and 24 are overrepresented in non-standard employment situations — working in part-time, temporary, contract, shift or contingent positions, many of which are low-skill and low-pay. While this type of employment makes up about a third of all jobs, more than half of these positions are filled by young people.

It is extremely important when considering whether this is a positive or negative situation, to distinguish between young people who are students and those who are not. These two groups have very different employment needs. Students are likely

to find non-standard jobs ideal, as the shorter hours and greater flexibility allow them to work around their studies. The statistics surrounding part-time work would certainly seem to bear this out: 85% of the jobs held by students are part-time, as compared with 20% for young workers and 12.4% for workers aged 25 and over. However, for those who are not pursuing their education, the downside of non-standard positions — lower pay and less job security — tends to prevail. Many accept non-standard positions only because they are unable to secure full-time employment. The rate of involuntary part-time employment (the percentage of those working part-time because they can find only part-time employment) is close to 40% for youth aged 20 to 24 years and, disturbingly, is even higher for those in the group aged 25 to 29 years old. At an age when they should be beginning to build a career, many young people are finding it difficult to find the type of employment which would allow them to plan a course for their future.

### ***High Employer Expectations and Lack of Training***

Regardless of their employment rates, the expectations of employers pose a formidable challenge for young people. Employers' expectations are high and rising. The specific skill sets that employers are demanding in employees are also changing so quickly that the ability to adapt to change has itself become one of their main requirements. Unfortunately, however, the typical training patterns have not changed. For example, high school students do not usually learn how to negotiate priorities with other members of a work team, and employers do not generally provide training for these skills to entry-level employees.

Employers are increasingly looking to hire employees for relatively short periods of time. For these term and contract positions, employers want people who are ready to begin immediately. Moreover, employers are not interested in investing very much in training for people to whom they have no long term commitment. While young workers may have acquired adequate academic skills, employers complain that youth today lack crucial workplace skills including an appropriate work ethic, punctuality, the ability to work as a team and personal responsibility — skills which are needed for any kind of job at any level. These increasing expectations, coupled with a lack of on-the-job training and the complaints from some employers concerning their personal, qualifications, create a situation for young people that makes their transition from school to work increasingly long, complex, and difficult.

### ***Responding to the Situation***

As we have seen earlier, all ages and types of youth have difficulty making the transition from school to work. But it is particularly difficult for those youth leaving secondary school, with or without a diploma in hand. This group or category of youth is the one whose members most directly face the *Catch 22* of work — they cannot get hired because they have no experience; they cannot get experience because they are unable to get a job. They lack the resources once

available to them from school, and often they face personal challenges, such as living by themselves or supporting children. They are troubled, isolated, disadvantaged and alienated — and they are the ones who need assistance most and who should be helped first.

### ***The Need for Targeted Services***

Governments must acknowledge this situation, and begin to offer more services to members of this group to help them make the transition from school to work. Without such assistance, many of these young people will be trapped in low-skill, insecure jobs that neither pay a living wage nor offer any opportunity for advancement. The costs to society of ignoring this problem will be enormous, in terms of unemployment, larger welfare rolls and the high crime rates and other social ills inherent in a polarized society.

Young people need support on a number of different levels. First, they need the opportunity to acquire some of the soft skills required in the workplace, such as communication skills, teamwork, leadership and accountability.

Second, another need expressed repeatedly in focus groups held with young people was career information and advice. Many were unsure about what they wanted to do with their lives. They lacked practical information about career possibilities that might match their interests and aptitudes. Many indicated that choosing a valid direction was in fact the most difficult task facing them, and that things would tend to fall into place once that decision had been made.

Third, given that young people are finding it extremely difficult to find a first job without work experience, it is vitally important that we provide the opportunity for them to acquire some real workplace experience and to be exposed to different jobs and occupations.

These are three of the serious issues facing this group of young people. Without assistance in these areas, many do not see how they will be able to succeed in the labour market. These needs must be met by our society if we are to hope for a future for these young people.

### ***Developing Portable Skills — More Than a Responsibility of the School System***

Educational institutions have often been viewed as a key agent in enabling youth to develop the knowledge and independence they need to join the workforce. Whether jobs exist for youth or not is one question; the preparation for those positions which do exist is another. If employers feel that young people lack the appropriate and portable job-related skills, who should be held responsible? To what extent can employers legitimately blame schools, and to what degree should they themselves be helping to prepare youth for their jobs? What other possibilities exist for imparting much-needed and much-valued portable skills to young Canadians?

On the whole, employers seem to feel that schools should be responsible for preparing students for the workplace, and are themselves reluctant to invest in training for portable skills. Because of the prevalence of short-term contracts and high turnover in entry-level jobs, the employer will not continue to benefit from having a more highly trained employee. Instead the rewards will be reaped by the individual who receives the training — in the form of increased employability — and by future employers, who will have a more productive employee. Most of the training employers do provide, however is aimed at higher level, highly educated employees, usually those occupying management positions. This situation creates a training gap which can be very difficult for youth to bridge.

Some of the other generic skills required by all participants in the changing labour market — such as problem solving and group skills — are not taught in high schools; however, it is the rare employer who offers this type of training to entry-level employees. Therefore, many young people are left trying to make their way in the labour market without the skills that employers now regard as basic and fundamental.

The question then is what is the responsibility of the public school system for preparing individuals to find a job? The primary purpose of educators in the public school system is not, admittedly, to simply prepare young people for a job. Nevertheless, schools could do better in this regard. They could, for example, introduce students to information-technology concepts and the analysis of data. They could also help to develop students' problem-solving and other thinking skills. However, other skills which employers have declared desirable and necessary — such as flexibility and adaptability, an eagerness to learn, social responsibility, leadership, initiative, teamwork, and an ability to cope with change — must be supported by others outside the education system.

Experience right in the workplace is often an excellent place for many of these skills to be learned. High schools do a considerable amount of career orientation and education. Some schools have engaged in partnerships with local businesses to provide their students with co-operative learning opportunities. Some schools even teach classes that directly address the skills which employers are requiring of new employees. However, there is no co-ordinated provincial or national effort to ensure that these kinds of crucial learning experiences occur in schools. Given this gap, employers should be prepared to invest their time and money to help schools to produce the kind of graduates they are looking for as potential employees.

### ***Getting the Information to Young People Who Need It***

Young people lack knowledge of the kinds of jobs that are actually going to be available by the time they graduate, and about the skills they need to get these jobs. Providing this type of information, which is essentially career options information, would help young people make more informed their choices as to what kind of job they should best pursue.

Many young people also require information about preparing a resume, marketing themselves to employers, employers' expectations of workers, and employees' rights in the workplace. This is vital information for those looking to compete for a first job, and it could be made available through such activities as mentoring and workplace visits. Young people who understand what employers want, who understand their rights and who are able to present themselves well to an employer are much more likely to get a first foot in the door.

Many, however, have no idea where they can find this information. Certainly, many schools do offer some career-orientation information and work-experience programs. However, these efforts could be expanded in an effort to offer this type of information and experience to all students.

Special consideration has to be given to those young people who have left school early and, therefore, who do not have access to this information. More efforts are needed to make it available to them and it must be repeated as often as it takes to make it heard and understood.

### ***Expand The Concept of Mentorship Beyond the Workplace***

One tangible way in which both the goals of providing more and better job-related information, and creating more opportunities to gain exposure to the workplace can be achieved is through expanding or developing mentorship programs.

Anyone in the community who is willing to share his or her life experiences with young people, especially by providing the kind of information and exposure they need to succeed in the world of work, can be a mentor. Traditionally, the concept of mentorship has been very much associated with the workplace. However, given the difficulty that many young people are experiencing in getting that first job, we should be encouraging mentorship outside of the workplace. Many people have invaluable career information and experience they could share. What is needed is a way to bring these people together with the young people who need this type of information outside of the workplace as well as within it.

### ***Exposure to the Workplace***

There is a desperate need for more co-op and internship programs to help young people to acquire some of the portable skills that employers are demanding of them in the workplace, while providing them with experience to help out of the "no experience, no job" trap.

One such private sector program is Career Edge. Career Edge organizes 6-12 month internship opportunities for young people who are recent graduates of either high school, college or university. The program offers young people real work experience and a thorough introduction to the world of work. Interns receive many additional benefits: they receive \$15,000 annual stipend; they are assigned a coach to help them learn about the business in which they are working; and they receive an invaluable orientation to a workplace environment. Though not all

individuals are hired at the end of their work period, each has received real work experience and has learned valuable skills associated with it. In turn, the host employers receive a low-cost, low-risk method of seeing how potential regular employees might perform. It is a typical “win-win” situation.

In addition to privately organized programs such as Career Edge, a number of youth experience programs are offered through the federal Youth Employment Strategy. Through partnerships with educational institutions, the private sector and community organizations, these programs seek to provide young people with workplace experience through summer jobs and internships. Many of the programs require university or college education — at least a high school diploma. However, some do not. Of note are the Youth Internship Canada program, which is open to youth legally entitled to work in Canada, and the Youth Service Canada program, which is open to youth who are unemployed and out of school. Youth Internship Canada offers practical work experience with an employer while Youth Service Canada pays a weekly stipend to youth while they participate in community services projects.

While these are excellent and necessary programs, there are still some problems associated with them. One problem is simply numbers: there are more young people having difficulty making the transition from school to work than there are openings in internship programs. Another problem is that most of these programs are clearly aimed at young people with post-secondary education, and there are very few opportunities to participate for those who do not hold at least a high-school diploma.

There is a definite need for more programs aimed at those with less education who will have fewer opportunities in the labour market. Many of those who drop out of high school at an early age also need job-readiness skills before they can begin an internship. Of the federal programs, the only ones offering this type of training are specifically targeted at Aboriginal youth.

These are issues of vital importance when we consider the situation of the young people who are the focus of this report. Time and time again, they are excluded from such programs due to the eligibility criteria. Accordingly, these young people remain disadvantaged.

This is the problem that the public and the private sectors need to work together to solve. In the spirit of the old African proverb: “It takes an entire village to educate a child”, all sectors of society must assist in imparting to our youth the skills and knowledge that we deem it necessary and desirable for them to have.

### ***The Value of Volunteering***

An additional area where valuable skills can be learned, and which is often ignored or undervalued, is the volunteer sector. Though the proportion of individuals volunteering increases with age, many young people are already involved in community organizations on a volunteer basis.

Generally, youth value the humanitarian aspect of volunteer work, but they are not aware that many of the skills they acquire in volunteer setting are directly transferable to work settings. They are not aware that they can include volunteer work on their resumes to demonstrate to employers that they have relevant work experience.

There is certainly evidence that volunteer activity yields labour-market rewards. A recent study<sup>5</sup> showed that on average, volunteers earn 5% higher incomes than non-volunteers. Though there is no definitive reason given for why this correlation exists, the study suggested a number of possibilities. For example, it points out that volunteer activities improve an individual's skill set and expands his or her network of contacts — contacts being an invaluable asset in finding a job.

Accordingly, we need to be more proactive in informing young people of the value of their volunteer experiences in gaining the skills and experience needed and valued by employers. At the same time, we need to make sure the work done by volunteers is adequately valued and recognized by employers as well as being offered as a possibility in the first place.

### ***Putting People Together — Linking the Transition to Retirement With the Transition to Work***

Older workers and their employers can help young people to make the transition from school to work and, at the same time, ease their own transition from work to retirement. Many people have suggested that the retirement age be lowered in order to create employment opportunities for young people. However, many older workers and their employers oppose this idea. Some employees would prefer working at least until they are 65; others cannot afford to retire early. For their part, many employers feel that older, experienced employees are essential to the operation of their business. Inevitably, however, many workers would like to retire early and there are quite a few who manage to do so.

Often, when they do retire, individuals turn to, or increase their participation in, other activities, such as volunteering in their communities. Perhaps individuals who don't retire early would consider a gradual transition out of regular work — if it were possible or feasible — and would spend more time working in the community. More specifically, it might be possible to develop a community-based program to combine gradual retirement with projects designed to provide work terms to young people where they could acquire experience and develop skills. Gradually reducing the working time of older employees could also help employers to plan succession, or reduce their operating costs without laying off employees. By bringing together these two groups we could help to meet the needs of each.

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<sup>5</sup> Day, Kathleen, and Rose Anne Devlin. The Payoff to Work Without Pay --- Volunteer Work As An Investment in Human Capital, 1995.

It is not immediately apparent how the logistics of such a program might work. Clearly, however, the partners involved, i.e., government, business, labour and other employee representatives, volunteer and other community organizations, and young people need to work this out through discussion and experimentation. A number of questions would need to be addressed, including how to ensure that participants' pensions do not suffer, that employees receive training to prepare them to work with young people and that volunteer organizations benefit from these programs, and that young people aren't taken advantage of. To encourage both employers and employees to participate, governments should consider fiscal and other incentives.

Programs of this type could be delivered through neighborhood community centers where young people, high school students or drop-outs, receive different services.

The idea of easing into and out of the workforce has to be considered from the broader perspective of redistribution of working time over the entire adult lifetime. In this section, I suggested bringing together younger and older workers. However, this is only one way we can change the distribution of working time.

Until now, we have tended to see adult life as a linear process taking the individual through three broad periods that overlap very little: we go to school full-time for a number of years, then we work full-time for thirty or forty years until, finally, we retire. Although many people work during their school years and some study after they have joined the labour force, we tend to categorize people into discrete groups: students, workers and retirees. Our fiscal policies, student loans programs, benefit packages and pension plans are based on this model. However, many changes in the workplace, the labour market and the economy in general are gradually weakening this model and the experience of more and more students and workers of all ages contradicts it.

I mentioned earlier that the young people's transition to work is now longer than it used to be. More young people are working part-time to pay for their increased time in university or college; many are studying part-time while they work. Meanwhile, the new economy forces more workers to go back to school to learn new skills. We talk about the need for lifelong learning without always realizing the implications that it will have on working time.

I think that we will have to examine these new realities and their implications in a comprehensive way. Changing the way we look at working time over the life cycle and modifying our fiscal policy, benefits and retirement plans accordingly could help create jobs for young people. At the same time, it could give other workers more options and flexibility with respect to the time they spend working, studying and upgrading their skills, doing volunteer work, etc.

### ***Give Youth a Voice***

If any attempts are to be made to develop new policies relating to youth employment, young people, in addition to all other partners, should be consulted before and during the process. In all the reports I have pored over that deal with

the issues of youth, young people have indeed been consulted for their views. This is a profound change from the time when policies that had anything to do with young people were done without the thought or the consideration that they might have something to say and contribute.

Still, young people remain a largely untapped resource. Those with whom we met in focus groups and workshops conducted across Canada did not feel that anyone represents their interests or their views. They were generally suspicious about governments and organizations. It is important that we change this perception. Young people have many valuable and perspectives that should be drawn on when creating, evaluating and changing policies.

Policies which are created today will in fact affect youth in their adult lives. Given this reality, I suggest that young people be given a more prominent role in policy making. Their input should be viewed as necessary. A permanent structure should be put in place to facilitate regular consultation with youth to elicit their perspectives, experiences, views and suggestions.

## ***Recommendations***

The following recommendation relate to the eight suggested responses for dealing with the youth unemployment issues discussed above:

### **1. Targeted Services**

Make youth who do not have at least a high school diploma a top priority for strong action by governments, business, schools, community organizations and others to help them make the transition from high school to work. Develop more programs that target high school graduates and drop-outs. Apply some of the solutions and ideas already used for other categories of youth to this group.

### **2. Developing Portable Skills**

Initiate and support the development of partnerships aimed at helping youth to acquire portable skills such as leadership, communication, teamwork, initiative and negotiation — skills which are increasingly required by employers in the new workplace.

### **3. Improve Communication**

Explore new and different ways of bringing information to youth through pilot projects and experiments involving volunteer organizations, community centers and other organizations. Provide youth with the information they need to help them make critical career decisions.

#### **4. Develop the Mentorship Concept**

Work with volunteer and community organizations to expand and develop the use of mentors beyond the workplace to provide the support and advice that young people need before they enter the workplace.

#### **5. Exposure to the Workplace**

Develop and support programs that expose youth to the workplace, jobs and careers through career days and job shadowing. The federal government should lead by example and develop its own job-shadowing program.

Recognize and acknowledge that this would be an inexpensive and effective way to help people make a decision about what career they want to pursue.

#### **6. Volunteer Services**

Promote and recognize the importance of volunteer work as a way for young people to acquire essential work-related experience — for many youth, this is the only opportunity to get such experience. Institute a two-tiered information campaign. The first element should target youth, highlighting the fact that doing volunteer work is about helping people, and that it is an excellent way to gain valuable experience and build workplace skills. The second element should target employers by both showing them the value of the experience obtained and the skills developed through volunteer work, and asking them to take this into account when hiring.

#### **7. Linking Youth and Retirees**

Develop community-based programs that enable young people to “ease in” to employment gradually, and which enable older workers to retire gradually, rather than abruptly.

#### **8. Consult With Youth**

Consult more with young people and involve them in discussions about the future of our society. The government should develop a permanent mechanism for regularly consulting with young people to obtain their perspectives, experiences, views and suggestions.

### **Building on the Social Economy**

Most of the opportunities for young people to get work experience occur in either the public or the private sectors. One area in which more young people could potentially become involved is in what is usually called the “third sector” of the economy — the social economy. This sector could provide an ideal environment for young people to acquire the work experience and employment skills they so desperately need. It is also an essential sector where we could provide crucial family support services as the need for them continues to increase. If we were to

recognize and support this sector of our society, we could help alleviate many of the social problems that face us today, not the least of which is the high rate of unemployment experienced by certain categories of workers who have been left out by the new economy.

As the economy has shifted from primary, manufacturing and goods-producing industries towards services industries and now increasingly towards knowledge-based ones, the impact on workers has been considerable. Over the years, this process has eliminated a great number of well-paying and stable blue collar jobs requiring few specialized skills. At the same time, new jobs requiring high-level hard and soft skills have been created in the new economy. While this is good for the Canadian economy and for Canadians in general, it has created much difficulty for many people and unemployment in the ranks of workers who do not possess the skills that are in demand. This situation is even worse for the less-educated youth. For these people, the labour force risk becoming a select club. I think that the social economy can help create jobs for these people who have been displaced or who have not yet been able to enter the labour force.

Organizations like co-operatives and non profits, which are all part of the social economy, have existed for decades, relying to different degrees on voluntary work and community and government support. The need for these organizations, the support services they provide and the jobs they create has increased significantly in recent years. It will probably increase further in the years to come, given the changing nature of work, the evolving workplace and the impact of these changes on workers, their families and communities.

### ***Defining the Social Economy***

There is no definition of the social economy which has yet gained universal acceptance. Perhaps we could start with the definition proposed by the *Working Group on the Social Economy* in its report to the Quebec Social and Economy Summit in October 1996. The working group offered a broad definition of the Social Economy. This definition was meant to cover the diversity of the situation in Quebec, but it was based on elements generally found in the various definitions used around the world. The Working Group highlights the significance of bringing together the terms *social* and *economy* in the concept of the “Social Economy”. *Economy* refers to the production of goods or services organized around an enterprise aimed at increasing the collective wealth, whereas *social* stresses the primacy of the social objectives over more traditional business purposes. The social economy designates those activities and organizations which have arisen out of collective entrepreneurship and subscribe to the following principles:

1. Activities based on participation, with the primacy of social objectives over financial considerations such as profits.
2. Administration is autonomous and independent from the state.
3. The decision-making process is democratic and based on the principle “one person, one vote”.

4. People and work assume primacy over capital in the distribution of surpluses.
5. Empowerment and responsibility are collective.

The social economy is very diverse. Its constituent organizations range from volunteer-run charitable organizations to employee-owned businesses competing with private sector companies. It comprises of co-operatives, credit unions and not-for-profit organizations, as well as a broad range of community organizations. With respect to legal status, most enterprises in the social economy are either co-operatives or not-for-profit organizations. Social economy organizations rely on a range of funding sources, including corporate and individual donations, fees and government funding, and the sale of goods or services on the open market.

There is also tremendous diversity in terms of the range of goods and services that different organizations provide. There are co-operative medical clinics in certain parts of the country, and in some areas credit unions are a prominent part of the community. Social economy organizations operate child-care facilities, self-learning centres, shelters for battered women and social housing projects; they also provide a broad range of services for seniors. Although it is a topic which falls well outside our committee's mandate, it should also be mentioned that the social economy can have a tremendous impact on regional economic development. Certainly, co-operatives in the areas of grain handling in the prairie provinces and forestry in Quebec, as well as the Evangeline group of co-operatives in Prince Edward Island are all examples of organizations in the third sector which have increased the amount of wealth that remains in the communities where they operate.

Within Canada, the social economy has received official recognition only in Quebec. This certainly does not mean that this sector is lacking in other parts of the country. On the contrary, it is present, thriving — but largely ignored — in all of the provinces. It has evolved differently across regions and provinces according to the particular needs of the communities to be served and the different legal contexts.

### ***Part of the Solution to Meeting Different Needs***

#### ***Provide More Opportunities for Youth***

In the previous section on youth, I argued that young people with no post secondary education need all the help they can get to make the transition to work. They need better information and advice, but mostly they need some form of experience that will help break that vicious circle in which they are caught (no experience, no job; no job, no experience). I suggest that volunteer work is a good way for them to acquire experience which is relevant to the world of work and that volunteering should be promoted and opportunities expanded. Young people consulted across the country enthusiastically embraced the idea of doing volunteer work in order to gain experience as long as it gave them some promise of being considered for a job.

Unfortunately, not all young people can afford to work for free, although they are equally enthused and desperate for experience. We need, therefore, to increase the number of opportunities for young people to work for pay while getting experience and developing their skills. Developing and strengthening the social economy would add to the number of opportunities for youth to do more volunteer work, but also more paid work. Some of them could find “permanent” work in that sector. With the skills and the networks developed while working in the social economy, some may create their own job by starting their own business, a co-operative or non-profit enterprise.

### ***Provide More Services to Families and Communities***

Though youth as a group suffer in the face of the changing workplace, families are particularly hard hit by the variability in working hours, lack of job security and the new forms of work. Probably the biggest factor affecting families is the increasing participation of women in the labour force. Most two-parent families are now two-income families; the proportion of families with a parent staying home to assume child-care duties is decreasing. This means that most parents are juggling family responsibilities around work commitments rather than the other way around.

Accordingly, many parents need certain services to help with the activities associated with “managing” a family. In the area of child care alone, parents increasingly need services that are often not available or are prohibitively expensive — for example, services that are available for people who work shift or who have extended or varying working hours.

### ***Developing the Social Economy***

Governments can do a number of things to help develop and strengthen the social economy. For example, they should be more effectively creating the conditions that organizations in the social economy need to work more effectively because governments cannot themselves provide all of the needed social services. One obvious reason why this is true is our reduced capacity to pay for these services. Although the last federal budget indicated that there is finally some light at the end of the tunnel and that governments will have more resources to spend on social programs when the deficit is finally under control, we should not simply go back to the old way of delivering services. If there is one lesson that we should draw from our experience of the last few decades, it is that we as a society — including governments and other partners — have to rethink and reinvent the way we provide ourselves with those services that we consider essential.

As a Canadian, I believe that governments have a key role to play in providing basic social security, health care and education. However, governments are not always the best at delivering quality services outside of these core essential areas. Many services such as care for the elderly and children and various support services for families and persons with disabilities are often better handled by smaller organizations that are more flexible and adaptable to the needs of their

clientele. These organizations are located within the communities to be served and therefore understand local needs best. They are usually run by people close to those who will make use of them and, in some cases, by the people who are the organizations' clients. They are, therefore, extremely well placed to assess the needs of the community and to develop goods and services to meet those needs.

Although the responsibility for establishing new enterprises and developing new and better services must remain with individuals, communities and social economy organizations, governments, business and labour all have a role to play in helping to create the conditions in which these people and organizations can be most effective. Action is required in areas such as the legal and fiscal framework in which social economy organizations work, funding, access to credit and expertise, information, research, and partnerships. Here are some general suggestions for action by governments.

### ***Review the Legal and Fiscal Frameworks Governing Non-profit Organizations***

Governments should ensure that the laws surrounding the formation of non-profit organizations are reasonable, necessary and not unnecessarily complex. We should, for example, be looking to lower the legal barriers to the formation of such organizations, not to restrict their ability to respond to local needs and make use of local resources. At the same time, the legal framework must be clear and enforceable. This would help protect those involved in such ventures, but it would serve another purpose as well. Non-profit and community-based organizations have traditionally enjoyed relatively high levels of public confidence. It is important to ensure that the legal underpinnings help support and maintain that level of trust at a time when there is an expanding social role for this type of organization.

Clearly, this aspect is under provincial jurisdiction in Canada. However, the federal government can play an important role through its fiscal policy. In his last budget speech, the Minister of Finance announced that the government intended to increase the amount of donations for which the charitable credit can be claimed. Another way that the federal government could help fund activities in the social economy would be to provide incentives to both employers and employees who are willing to donate time to the voluntary sector. These workers could contribute their expertise and experience to organizations and activities of the social economy and act as mentors for young people involved in these activities and organizations.

### ***Provide Funding and Access to Credit***

The social economy consists of a great variety of activities and types of organizations. Each is important, and many need to be supported because they fulfill important social needs very efficiently. I would, however, like to stress the importance of supporting those activities that if structured properly, could become self-sustainable and provide a legitimate source of quality services and jobs. For that to happen, many people need to have access to expert advice, credit and possibly even start-up funding.

Federal and provincial governments should increase funding of the social economy. Government funding is necessary — first because new ventures in the social economy need funding during their start-up and expansion phases and, second, because they may need a certain amount of support until they become economically viable. However, it should not be the government's job to either directly provide the services associated with the social economy, or control the nature of these services. There are already non-profit organizations whose purpose is just that: to provide funding to help people start up community sector enterprises and to support them until they are economically viable.

Again, in the area of funding, there is a need to improve access to credit from the banks and credit unions. Criteria specific to social economy organizations are needed to assess their viability in the longer term. Usually, viability is assessed according to the likelihood of a business being profitable. This approach is clearly not an appropriate way of evaluating organizations whose "business" is to provide quality services to the community or to members rather than to make a profit. For these reasons, it is important to look at a broad range of funding and credit sources. Banks are certainly the traditional source, but we should also be encouraging other partners — such as credit unions, investment funds, pension plans and other funds — to invest in the social economy.

### ***Recognize and Empower Social Partners***

It appears clear to me that all of the social partners need to play a central role in exploring and developing programs, policies and partnerships to foster the development of the social economy. It is also important to involve them in the debates and discussions concerning our economic and social future, the impact of technology and the changing workplace. That is one clear message that came out of the National Forum on the Information Highway and Its Impact on the Workplace.

The social economy is present in all provinces of Canada in the form of not-for-profit enterprises and community organizations. However, to my knowledge (except in the province of Quebec), there is no single organization representing and speaking on behalf of the organizations and enterprises in the social economy. The real significance of what happened in Quebec's recent *Summit on the Economy and Employment* is that the social economy was acknowledged as an important partner in the economy, alongside the private and public sectors. Outside Quebec, the social economy has not received this type of formal recognition; nor have these organizations been given a forum for participating in the debate on economic issues. This needs to happen. Each province will have to develop its own model for the social economy. What is important is should not be that it imposed from above, but developed with the involvement of all partners. Gradually, through experimentation in the provinces and through sharing the results of that experimentation, the social economy and its partners in all jurisdictions will have a wealth of experience to draw on, and will be able to learn from success and share best practices.

### ***Do Research and Collect Data***

We collect very little data on the Social Economy and do not understand its economic impact, the importance of the role it plays in providing key services, or even how many people it employs. We should be collecting much more data through Statistics Canada and Revenue Canada, as well as through federal and provincial departments working with organizations in the social economy.

We also need more research, both quantitative and qualitative, on the social economy to better understand how it works and to learn from successful practices. There is much to learn about innovative workplace policies and practices in this sector of the economy. The federal government should take the lead in publicizing best practices from across the country.

### ***Recommendations:***

1. Review the legal and fiscal framework with a view to supporting development of organizations in the social economy.
2. Investigate ways to assign a value to work performed in the social economy. Generally, recognize that work performed in this sector is essential to our society and explore mechanisms (government grants, access to credit, etc.) to ensure that more people can earn an adequate living working in this sector.
3. Involve community organizations and partners in the development of policies and programs to support the development of the social economy. Involve these partners in discussions concerning the future of work and the changing workplace.
4. Conduct more research and collect more data on activities in the social economy. Share information on best practices in this sector.

### ***Conclusions***

Though I make many recommendations in my report, there is one final thought with which I feel I must conclude. Through much of the work I have done, whether it be in reviewing reports or carrying out first-hand research with young people themselves, I have felt that the voice of young people is too often left out of important policy decisions. Although my appointment is testimony to the fact that this changing, I feel, as I said earlier in this report, that young people today remain a virtually untapped resource. Young people can, in many instances, offer valuable input and perspectives that should be tapped when governments evaluate, create and change social and economic policies. Young people have much to say

on all issues facing Canadian society whether it specifically targets them or not. The term "youth" must not be seen as a category of people but rather as a phase of life. Policies which are created today will directly affect youth in future, when they are adults.

Given this reality and this perspective, I urge the government and all other sectors of society to give young people a more prominent role in policy making. For Human Resources Development Canada, youth should be regarded as equal in importance to other key constituencies (e.g., business, labour, women). Whether it should go so far as to create a Collective Reflection exercise consisting solely of youth, establish a permanent structure that regularly consults young people on their perspectives, experiences and suggestions for the consideration of government — I leave to the powers that be. I am saying only that young people need to be seen as equals in the consultative process.

Another important point that I want to make centres around the idea of the social economy and my support for its development. Though I present it as a logical place to address many of the very specific concerns of disadvantaged youth, I hope it is clear that it is a sector of our economy which also can provide many benefits to a number of different Canadians. Though the idea of the social economy itself is not new, its implementation in the Canadian context is, and much research will have to be done before it can be fully implemented. We have to determine exactly which mechanisms will be used to channel resources into this sector. We also need to determine how we can adequately value the work being done in this sector. The key question, however, is how much of a role governments should play in its implementation and what forms this involvement should take.

Obviously, the jurisdiction of much of what I am discussing belongs to the provincial governments. Nevertheless the federal government can show its support by acting on as many of the recommendations in this report as possible. The federal government not only has a unique co-ordinating opportunity, but also a special responsibility in supporting the development of the social economy.

The government is at a key moment in its history when it can affect a great deal of positive change — change which will provide critical support to some of the most vulnerable segments of its society, namely disadvantaged youth and struggling families, as well as to Canadian society as a whole.

## **Appendix 1 — Summary of Focus Groups\***

### **Concerns and Issues on the Changing Workplace for Young Canadians**

#### **1.1 Context And Objectives**

Numerous socio-economic factors currently affect and change the Canadian workplace and have a major impact on workers, their families and the communities in which they live. **Access to the workplace typically presents even more obstacles for youth than for the workforce at large.** In order to help the Advisory Committee on the Changing Workplace gain a better understanding of the concerns and issues of young people pertaining to the workplace, six focus groups were held in Montreal, Vancouver and Winnipeg, on March 3rd and 4th 1997. In each city, young people between the ages of 18 and 24 voiced their concerns and provided suggestions.

**The reader of this report is reminded that the results discussed herein emanate from qualitative, as opposed to quantitative methodology. As such, these qualitative results should not and cannot be construed as representative of the larger population in any statistically-significant manner.** The high degree of consistency on some issues between groups and the general convergence of opinions encountered with respect to the various issues explored in this process does, however, provide us with a high level of confidence in the validity of the results reported herein.

#### **1.2 Main Findings**

The substance of the discussions undertaken in these six groups leaves little doubt that issues related to the changing nature of the workplace, their relative preparedness for the demands and exigencies of that workplace, and how best to overcome the obstacles they face in finding employment are **central to the concerns of participants.** Furthermore, it was plainly evident that the vast majority of participants are aware (in some cases, painfully so) that the terms and conditions that existed a generation ago simply no longer exist. This in turn has its repercussions in a tangible sense of anxiety among many of the youth we talked to that centers directly on their fear **they have not been adequately prepared to confront this new reality.**

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\* Summary prepared by *Ad Hoc Research* of Montreal, the group that conducted the focus groups for Human Resources Development Canada.

**There is a strong undercurrent of suspicion among young people about government and institutions in general.** This point of view applies very clearly to elected officials, unions, school boards, provinces and communities. As a result, participants tend to rely on themselves when it comes to their career. Their suggestions indicate that they view the government as a facilitator, bringing together different forces in the job market and providing youth with the information they need to take their future into their own hands.

### **1.2.1 The Transition From School to Work**

Some very basic points seemed to be held by most, if not all participants, with respect to how well school has prepared them for work:

- **most participants agree that the role of school should be to prepare them for life** and, more specifically, to enter the workforce;
- **most agree that school succeeds in transmitting basic knowledge** but many believe that it fails to adequately prepare young people to enter the workforce. The training offered is too general and theoretical and therefore insufficient;
- by the same token, **most participants approve of trade-specific training in high school**;
- quite a few participants mention that **computer literacy constitutes a requirement for many positions**. Most believe that the computer training they received in high school is insufficient. French-speaking participants in Montreal remark that mastering English is also a major asset in the job market. In most cases, school has failed to provide them with adequate English courses;
- **many are convinced that the kinds of skills that are really in demand in the marketplace reflect general competencies** such as confidence, self-esteem, self-awareness, assertiveness and the like, as opposed to discipline-specific skills. Participants disagree about the role schools should play in helping students acquire these traits, however;
- there was general agreement that the **skills most desired by employers are embodied in actual workplace experience**. This often raises the spectre of an oft-encountered “Catch-22”, which is that one cannot get a good job without experience, and cannot acquire experience without first being offered a job;
- there was general agreement among most participants that while school can provide the basic skills required to find employment, **the current school system fails in terms of teaching students how to apply those skills**, and perhaps more importantly, how to sell them in the marketplace;

- another strong current to our discussions centered on **the importance of discovering what one wants to do**, as well as the timing of that discovery. Not knowing what you want to do apparently has repercussions on one's ability to profit from available resources at the right time. Until they have chosen their field, high school students have difficulty selecting courses and pay less attention in class. Not knowing what you want to do also inhibits one's ability to approach the job market with the conviction, confidence, ambition and enthusiasm that young people suspect is essential to success. It may as well have severely inhibiting financial repercussions, as students enter university programs to "test" their career choice;
- in its present form, **career counseling is clearly inadequate in providing this kind of assistance**. Participants complained that the lack of high school counselors made it difficult to obtain one-on-one counseling. Many also stated that information about the job market, specifically job availability and requirements for these positions, is lacking.

In order to make informed career decisions, participants would have liked more career counselors in school but perhaps also in HRCCs or Youth Employment Centres. More direct contact is also needed between employers and students. Participants suggest that employers provide information about the job market and their needs in terms of human resources. They would also like representatives from the business world to come to schools and to invite students to visit them as a group, or on an individual basis (shadowing). The opportunity to acquire hands on experience could also constitute an essential part of career counseling.

It appears that **there is considerable confusion as to where the ultimate responsibility lies** in these multi-faceted problems related to preparedness for the job market. Some believe that participants themselves are (or were) responsible for ensuring that they were adequately prepared. Others place considerable responsibility (if not all of it) on the institutions of learning and on governments that designed school curricula. Most recognize that parents are responsible for encouraging their children to work harder. An even more common perspective attributes responsibility for these failures across several players.

Participants complain of **an almost total lack of any formal resources** after high school, in post-secondary institutions, but also outside the education system, for young people who are not in school. University itself is often considered a place to "test" one's interests. In an era where undergraduate education is perceived to be increasingly expensive, this casual view had led many to "waste" both time and money. Providing career counseling outside high school would be helpful.

**The job searching process varies dramatically according to young people's economic situation.** Those living with their parents have the luxury of planning their career, of deciding which type of work they will seek and of pursuing additional training if they feel they need to. Young people who are unemployed and living on their own typically experience serious financial difficulties. They cannot afford to choose their jobs or to "test" their interests in a University program.

**Participants usually believe that HRCCs provide helpful information.** They especially appreciate Youth Employment Centres. They know very little about available employment programs, however, and therefore do not take advantage of them. An information campaign would be helpful, perhaps through popular media. A few complain that these programs are only available to individuals receiving Employment Insurance benefits. They would like to see more programs available to everyone seeking work.

### **1.2.2 Work In the “Third Sector”**

In each group, a few participants had been involved in community work, almost exclusively through volunteering. All participants believe that schools should encourage volunteer work. They concur with the basic premise that **work in the “third sector” constitutes an excellent, and perhaps one of the only sources of the practical, hands-on experience** that they feel is essential to preparing themselves for the workplace. Third sector work can provide an opportunity to gain the experience required by most prospective employers. It is also considered as an effective way of learning the more personal dimensions such as confidence, self-esteem, assertiveness and the ability to sell oneself that are seen as so essential to successful penetration of the job market. This experience can also provide one of the best “proving grounds” for experimentation, exploration and elucidation on one’s skills and goals for work.

It is, of course, possible for young people to contact companies on their own and offer their free services. **Many simply do not think of that possibility and others do not know where they are needed** or are too shy to ask. Human Resources Development can certainly play a role in highlighting the advantages of volunteer work and establish a link between employers and students by providing the former with lists of interested organizations.

Although most volunteers have included their experience in their resume and all agree that it does carry some weight, **participants are unsure of the exact value that employers place on volunteer work.** In particular, they have difficulty determining whether paid experience has more value for employers than volunteer work. While volunteering shows an employer that the applicant is motivated, generous and not solely interested in gaining money, participants believe that paid work is more demanding. Ultimately, it appears that both paid and unpaid work experience have a positive impact on employers’ hiring decisions. A combination of both would maximize an applicant’s chances.

According to participants, **similarities between the volunteering experience and the position they are seeking have a much more determining impact** on the prospective employer’s hiring decision. Many fail to see how volunteering in a field unrelated to the position they are seeking could be helpful. We suggest that efforts to encourage youth to volunteer should emphasize how this type of work can help develop general skills that can be useful in seemingly unrelated fields.

### **1.2.3 Coaches, Mentors and Pre-Retirement Workers**

**Only a small number of participants has heard of coaching and mentoring.** Very few had experienced a coaching relationship. Participants were generally favorable toward the idea, however. They especially favour the coaching relationship, because they feel it could help them improve the way they accomplish their work before any serious problems develop.

Most participants had worked with individuals 50 or older. **The nature of their relationship with these workers varies greatly.** Some speak of receiving guidance from older colleagues and benefiting from their experience. Others complain that some workers 50 or over hesitate to share their knowledge for fear of losing their jobs to younger, cheaper labour.

**We also found varied reactions to the idea of mandatory retirement** and the potential benefits that this may provide to youth. Mandatory retirement can be and is seen by some as one method of opening up the job market. Quite a few participants fear that companies would not replace these workers, however, seizing instead the opportunity to downsize. They also feel that many older workers still have plenty to offer in the workplace. Participants argue the older people should instead be encouraged to serve as coaches and mentors to younger generations. They would find it unfair to unilaterally force early retirement.

### **1.2.4 Representation and Organization**

**The youth we talked to do not feel that anyone or any organization represents their interests** in this larger issue. Some hold themselves to be ultimately responsible for what happens to them and for the purpose of defending their own interests.

In most groups, however, **participants react rather positively to the possibility of a consultative board** representing youth and dealing with their employment concerns. All believe that the group should be formed essentially of young people and many feel that it would have more power if it also included labour and business representatives. They believe that the group should serve as a resource centre for the younger generation.

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*"I believe in the effectiveness of reflection because I believe that man's greatness lies in the dialectic of work and speech..."*

Paul Ricoeur, *History and Truth (Preface)*

### Introduction

Very soon we will be entering the era of the knowledge-based economy and, when we do, the world will never be the same. Today, some 30 months away from the year 2000, this *Collective Reflection on the Changing Workplace* has convinced me that we are at the dawn of a major change in the way we earn our living. In this paper, I offer my contribution to this collective *Reflection* with a view to stimulate it and to give it effect.

My participation in this exercise is based on my expertise in labour legislation and labour relations. My profound attachment to the values surrounding the way work is organized has shaped my approach and inspired my report. These values are embodied in industrial democracy, freedom of association and society's deep concern that the rules governing the organization of work both guarantee personal freedoms and human dignity, and reflect a liberal economy that is concerned for the prosperity of its citizens.

Our committee's mandate is part of a continuing examination of the questions raised by the Task Force responsible for reviewing Part I of the *Canada Labour Code*. Its report, entitled *Seeking a Balance*, raised certain matters that went beyond the traditional framework of industrial relations. Our mandate also comes in the wake of the 1995 report by the Information Highway Advisory Council. Some have characterized this mandate as utopian and our exercise as pointless. However, in all the meetings I conducted, no one denied that we are on the verge of profound changes that will affect all areas of our society.

I have conducted this exercise in a spontaneous and intuitive, rather than bureaucratic and formal, manner. My report contains a certain number of ideas that clearly require more thorough examination. Instead of answers, I have deliberately preferred to raise questions that are likely to advance the debate, even though they may be controversial.

I have considered both the overall architecture of our labour relations system and its basic concepts such as employment and the workplace. As will be seen, I have questioned current methods of representation as well as minimum labour standards, at least with respect to new forms of work. I have focused particularly on the situation of contingent workers, be they self-employed workers, teleworkers, freelancers or dependent contractors.

My report begins with a succinct analysis of the impact of the forces of change on the world of work at the level of both the workforce and the work institutions; it then examines the current framework of labour legislation and identifies certain weaknesses; it concludes by proposing a certain number of measures which, in my view, will better meet the challenges raised by the whole new question of work.

Since my reflection was intended to be an empirical and collective effort, I drew generously on all groups to which I was able to gain access. I was thus able to conduct a series of consultations with the generous help of many individuals from all backgrounds: unions, management, non-unionized workers, community representatives, universities and governments. I "surfed" these groups somewhat as one surfs the information highway, moving from one to another, picking up a range of ideas. A list of the individuals consulted and the organizations to which they belong is appended hereto. I should point out, however, that all my meetings were informal, given they had neither the tone, nor the character, of an "official consultation". It was understood that some individuals had responsibilities which, in certain circumstances, could lead or force them to be less candid than others.

I must therefore state clearly that my report is solely an expression of my opinion. Having said that, however, I am indebted to dozens of individuals who helped shape and ground it.

Change often generates fear and resistance. In my opinion, the unprecedented change we are about to witness is a promise of good things to come if we take the trouble to prepare for it. The era of the new knowledge-based economy raises a host of new issues regarding work and employment. Those issues, which are

universally recognized, are significant and require immediate attention. This set of issues will be, in my view, the greatest challenge facing all governments over the next 25 years.

## The Changing Workplace

The introduction to this report contains a quantitative analysis of the scope of observed changes in the workplace, and provides a glimpse of the growing importance of nonstandard forms of work. Almost half the jobs created since 1975 have been non-standard: part-time work, self-employment, telecommuting and home-based employment.

Non-standard employment already represents approximately one third of all jobs, and its growth rate is greater than that of all other forms of employment. Statistics Canada's most recent measurement of self-employment reveals that 2.1 million individuals, approximately 19% of all paid workers, reported that they were self-employed in November 1995. This was a 15% increase over the previous five years. Furthermore, more than half (53%) were operating their businesses out of their homes.

Other measures of the growth rate pertaining to this class of workers are worthy of note. A 1993 study by Susan Crompton ("The Renaissance of Self-Employment," *Perspectives*, Summer 1993) emphasizes that, even from 1981 to 1991, years of relatively slow growth, the rate of increase in the number of self-employed workers was twice that of all paid workers (40% compared to 18%).

More recently, a study conducted for the federal government on self-employed workers with no employees (*own-account self-employment*) notes that, in 1996, there were 1.4 million of these strictly independent workers, representing nearly 10% of total employment in Canada. The self-employed segment has grown 50% since 1989 and has nearly doubled since 1976, while total employment has risen less than 40 percent.

The exact scope and nature of the phenomenon of non-standard employment, its definition and the relative significance of its causes (computerization, globalization of markets and the free flow of international capital) have generated, and are still generating, extensive debate. However, while some of its causes are still unknown, the phenomenon of non-standard employment reflects a sea change in the workplace, and has had a profound effect on work systems, institutions and workplace stakeholders, to say nothing of the social framework in which these changes are occurring. The result is a new workplace dominated by information technologies, a distinct departure from the old one.

The work space is no longer the same. The new work space is free of many of its spatial constraints: it may shift along with its connections to computer networks, which in many instances are not rooted in any particular place. As is readily seen, this shifting has in turn provided the basis for a new international division of labour. The functions of business, which have traditionally been confined to a

specific place, may now be scattered around various points on the globe. Businesses are already "exporting" their accounting, administrative and computer systems and even their air fleet maintenance programs to countries with low-cost labour.

Work time is no longer the same. With the emergence of nonstandard work, work time has been distributed in an increasingly uneven way. A growing polarization is occurring between people who work less than 35 hours a week, and those who work more than 40 a week. This trend explains why, between 1976 and 1995, the number of individuals working an average of 35 to 40 hours a week declined by 10 percent.

The socio-economic implications of this phenomenon are significant. For example, the gap between private life and work is tending to close and even disappear. An executive of a large Canadian computer firm, where 20% of staff telework, told us that, without any orders whatever being given, telecommuting had resulted in a voluntary 20% to 25% increase in the number of hours worked. Similarly, new technologies make it possible to integrate into operating methods complex and highly efficient performance-evaluation and control systems allowing for a very tight management of work time.

The structure of employment is no longer the same. The new workplace differs from the old. It forms a new pyramid with specialists in the design and strategic use of information at the top, and individuals responsible for routine information processing at the bottom. The remote management and control methods mentioned above apply more readily to the latter group. As may be guessed, with this polarization of employment has come a polarization of incomes. This is a phenomenon with significant social consequences, the most disturbing being, in the view of some, the shrinking or erosion of the middle class.

Job security is no longer the same. Another fundamental aspect of the changes in the workplace is how they impact on it. The wave of corporate restructurings, combined with deregulation and efforts by governments to put their fiscal houses in order, have had the effect of significantly fuelling feelings of insecurity in the workplace, even among those who have managed to keep their jobs. Who has not heard it said that job security is a thing of the past? Recent studies on the practice of systematic job cuts in the past few years show the harmful effects those cuts have had on motivation and loyalty among both those who leave and those who stay. These effects have led a number of businesses to question whether blind cuts are useful and effective. One thing is certain: this kind of demobilization is inconsistent with the growing need for every successful business to be able to rely on the active participation of employees in every aspect of the change process.

These changes place a particular strain on the social environment and institutional framework of work. It should be borne in mind that the institutional architecture of our working world is based on a model of industrial production geared to largely undifferentiated, mass-market goods and its own particular needs. This system, which lies at the origin of the *Wagner Act*, was intended as the labour

response to the concentration of capital. Government social security and employment insurance policies formed the other component of this system of socio-economic regulation of work.

However, new information technologies, particularly robotics, have fostered the emergence of an increasingly flexible system of industrial production resulting in significant productivity gains and a constant relative shift from production to service and marketing activities. Thus, it is estimated that 80% of workers in the society of the future will work in the service industry in direct contact with customers, users or beneficiaries. As may be expected, this phenomenon will have a radical influence on the skills and abilities required of workers. Those skills and abilities differ from those usually associated with the permanent and traditional jobs whose supply is already in decline relative to the new labour markets.

The findings of Canadian studies on technological and organizational changes, and their impact on businesses and workers, appear in a report prepared for the December 1996 OECD conference. According to that report, the use of information technologies and computerized production systems is on the rise in all industrial sectors. In the early 1990s, nearly half of Canada's labour force used information technologies in one form or another, while computerized production systems were in use in 48% of manufacturing businesses, which accounted for 88% of total industrial shipments. These figures show that the number of highly-skilled and well-paid jobs in these businesses has increased, but that non-specialized and low-paying jobs have been eliminated. In short, the adoption of new technologies is not entirely unrelated to the increase in non-standard employment.

These phenomena have had a profound impact on the issue of human resources within individual businesses. Some companies have adopted the strategy of maintaining labour costs at a very low level by hiring unskilled and casual workers, while others have preferred a strategy of developing highly skilled workers and offering them numerous training opportunities. These two strategic options are described as the "low road" and the "high road" by Gordon Betcherman and Richard Chaykowski in their study entitled, *The Changing Workplace: Challenges for Public Policy*, September 1996. According to figures gathered from various industrial sector businesses, approximately 70% of firms are adopting the "low road" policy of reducing labour costs, and 30% are adopting the "high road" policy of strategically using their labour force.

This second option integrates labour-management models into a new form of work organization. Strategic objectives are defined in relation to the requirements of increasingly competitive markets and very short product cycles. Their implementation and realization are then made possible within ever shorter time frames as a result of new computer production models. These are the ingredients of high-performance work systems, which are characterized by a constant search for improved productivity and quality, together with profound innovations in organizational structure and personnel management. As may be expected, employees are expected, in these models, to show greater occupational versatility.

particularly because of the gradual disappearance of supervisory personnel. This kind of organization requires constant investment in human capital and, in fact, a new culture of work-related training.

New information technologies and their related management methods deeply disrupt the internal distribution of power and shatter the structure of employment and traditional hierarchies. Factors related to the traditional exercise of organizational power — access to information and control of its distribution — continue to play a role in the new business, but their effects and the means involved are considerably amplified. Why? Precisely because of the power of the new communications methods underpinning the entire organization. We are witnessing, on the one hand, a strong concentration of decision-making power and actual authority at the centre of organizations and, on the other, a marked decentralization of production toward the periphery. The gradual flattening of the hierarchical structure, with the attendant elimination of a number of managerial levels, is one of the obvious manifestations of this trend.

Another manifestation lies in the very nature of the information relating to a business and the way in which it is processed at the centre and on the periphery. For example, at the centre of the organization are employees skilled in using and processing information for strategic purposes; on the periphery are employees confined to carrying out strictly defined duties, identified by the computer models managed by the first group. This work organization naturally results in a new distribution of power that is less and less dependant on middle managers. This phenomenon in turn brings about a polarization of the employment structure. One can easily imagine its consequences on collective bargaining and, more generally, on labour-relations practices.

On a broader level, what can be said about the impact of these changes on work itself, its organization and its institutions? First, it must be emphasized that workers are generally left with assuming an increasingly larger share of the risks involved in the new ways of doing business or operating a firm. The new economy appears to work in a way that recalls the highly shifting operation of financial markets: success and failure are disproportionately rewarded or punished, and many high technology businesses, for example, operate largely on the basis of their own rules and practices regarding remuneration, hours of work, forms of representation, and so on. In this way, a large share of market and workplace risk increasingly falls on the employee. This is why we increasingly speak of "high-risk" society. In this instance the risks refer to all the employment conditions and career opportunities of a large number of workers. These conditions, which involve a high degree of uncertainty, are not unlike those already facing a large number of middle managers, whose very jobs are disappearing.

These risks are numerous, no matter whether workers are looking for, or simply trying to hang on to a job. First, the break-up of the labour market and rapidly shifting markets and products make prospects for stable employment dimmer than ever. The unemployment rate and its persistence, even in the present context of economic recovery, attest to this fact.

Second, the risk that employees will not have access to employee benefits is increasing. The group insurance policies, traditionally negotiated or offered by businesses to their regular employees, may well become inaccessible to an increasing number of employees as the proportion of non-standard, often contingent, employment increases. Self-employed workers, particularly those who have not chosen to be, are strongly affected, considering the cost of coverage outside a mutual benefit plan. According to various studies, this is one of the negative aspects of their condition most often criticized by self-employed workers. Paradoxically, while the new labour-market dynamic requires workers to be flexible and mobile, the fact that benefits such as pensions, vacation pay and insurance attach workers to a given place and employer, has precisely the opposite effect for it discourages and even penalizes them when they move between jobs.

Third, meeting an employee's training needs poses an increased level of risk. One relates to the quality and relevance of a worker's initial training and its continuing suitability to the needs of the new economy. The expected useful life of skills and abilities acquired is considerably shortened, and increasingly approaches that of the markets and products themselves. In this context, it is hard to imagine an occupation that guarantees an individual lifelong security or mobility, as used to be the case.

Access to training is another related form of risk. Given that non-standard or unemployed workers do not hold regular jobs, which represent the normal access to training, training costs often prove prohibitive for the contingent worker. There is also a risk that even the newly-acquired knowledge will become obsolete as it is often geared to industrial processes or products that are constantly changing or are too single-business specific.

Fourth, the erosion of the traditional employer-employee relationship adds to the risks associated with the relevance of various government programs and policies, although their very design was meant to absorb the shocks of the job market. For example, income support programs, as well as the tax regime, are tied to the classic industrial economy, which in turn is based on a relatively stable job market. However, many self-employed workers, particularly in the logging and farming industries to name only two, are often unable to obtain employment insurance benefits while being required to pay plan premiums.

Along with this increase in individual employment-related risks will come greater social risks. When one considers the deep-seated sense of insecurity experienced by a growing number of workers, the falling number of individuals protected by our various social-benefit programs, the erosion of the social fabric related to the decline of the family and, lastly, the shrinking of government tax bases, one immediately gets a fairly accurate picture of the extent of the impact of the changing workplace.

In this context of economic restructuring and institutional rebuilding, the role of the union movement takes on a significant dimension and raises important questions. Any real strategy of change in a democratic society requires the willing involvement of its principal actors, particularly those whose role is to promote workers' interests.

How vital and strong is the union movement? First, the relative stability of the overall rate of unionization in Canada, which stands in marked contrast to the situation in the United States, conceals significant weaknesses in many sectors, particularly in the service sectors of the new economy. In addition, even in those areas where they manage to maintain their presence, unions often tend to get new certification for ever-smaller units, typically in the personal and business services sectors. However, representation needs are more numerous and more costly to meet in these sectors. This phenomenon results in a scattering of available resources in an environment where it is still difficult to unionize. The relative shrinking of the unions' financial base affects their ability to develop and implement innovative service strategies, or to fundamentally rethink their mission and structure.

The challenge for the unions to renew themselves is all the greater since it comes in a context in which high-performance production systems require them to play a prominent role for which extensive and varied knowledge is required. However, this knowledge lies far outside the boundaries of the unions' traditional expertise in bargaining and administering collective agreements.

## The Current Labour Legislation Framework

Labour legislation is the cornerstone of the institutions and regulations that provide the framework for our employment and labour-management systems. For this reason, it is important to take a moment to see how, and to what extent, it corresponds to the growing realities. Essentially, this legislative framework applies to collective bargaining, protection of health and safety, labour standards, social security, training and employment equity. It is based on a taylorist model. If we set aside its civil or common law components, federal labour legislation consists of: Parts I, II and III of the *Canada Labour Code*, R.S.C. (1985), c. L-2, which cover industrial relations, occupational health and safety and labour standards respectively; the *Status of the Artist Act*, S.C. (1992), c. 33, which allows for the establishment of a collective bargaining system between artists and their producers; the *Public Service Staff Relations Act*, R.S.C. (1985), c. P-35, which defines collective bargaining in the federal public sector; the *Public Service Employment Act*, R.S.C. (1985), c. P-32; and lastly, the *Employment Insurance Act*, S.C. 1996, c. 23.

The *Canada Labour Code* (Part I, Industrial Relations) and all its equivalents at the provincial level are based on a model of stable employment relations and on a type of industrial organization found in large manufacturing companies. Since the purpose of this legislation was to respond to the needs of standardized, repetitive

tasks, labour relations was systematically managed on the basis of highly divided functions and detailed job descriptions with employees restricted to executing well-defined activities.

The dynamics of industrial relations in this context is largely adversarial, that is, it is based on the exercise of the right to strike or to lock-out, or the threat of such action. In these conditions, unions make inroads through certification or recognition, on the basis of individual unit or workplace. Obtaining such certification or recognition becomes unions' primary focus of activity. The signing of a collective agreement — which is like a short-term peace treaty — represents the end of negotiations for a specific period of time. In our opinion, this model has served the production sector well in the past and continues to do so. However, in the knowledge-based economy in which mobility, flexibility, initiative and ongoing dialogue are the watchwords, a different approach, a different philosophy and new initiatives are needed.

As we have seen, almost half the jobs created in the country in the past 20 years fall into the category of non-standard employment, meaning that they do not fit the traditional mould. Accordingly, they are also outside the realm of the current philosophy of work, and existing labour legislation. New types of workers have appeared who are often, neither entirely employees, nor entirely independent contractors, and who do not work wholly in the workplace or wholly outside it. They often deal directly with the client — the new task master — and yet, at the same time, they seem to respond to a legal need to keep them at arm's length from the organization. Their role has changed from that of "salespersons" or "tellers" to that of "account executives" or "consultants". In the new economy, workers are increasingly given a "role", "mandate" or "mission" rather than a job description. This new organization challenges the workability of existing labour law, both in terms of its philosophy and its concepts.

### ***The Employment Relationship***

The traditional employment relationship and the binary work relationship between employer and employee are undergoing a profound change in the new economy. Subcontracting, contracting out and the use of personnel agencies are practices that are shattering current legal concepts. Traditionally, the concept of "employee" or "worker" refers to direct subordinate status in a two-party relationship within a stable work environment where a foreman is the personification of authority. However, neither this type of relationship, nor an identified work site, nor the existence of a middle level of management meshes with the requirements of a knowledge-based economy where initiative and independence are the nucleus of the structure. Recently (*Pointe-Claire (Town of) v. Labour Court*, an as yet unreported decision of the Supreme Court of Canada, File No. 24845, April 24, 1997), the highest court in the country acknowledged that there are major shortcomings in the existing legislation when it comes to tripartite relations ("client-business", "agency", "employee"). The Court was of the opinion that current labour legislation allows an employee to have two distinct

employers for a single job, one for the purpose of industrial relations legislation, and the other for the purpose of labour standards. The Court stressed the need for Parliament to provide a coherent legislative framework that would cover these situations.

### **Telework**

Another growing phenomenon is that of telework. This approach to work is completely outside the concept of "workplace" as currently understood because such a workplace has been linked traditionally to the employer. In the industrial sector, this site is usually the place where the machines and plant are located. Accordingly, for occupational safety and health purposes, how are we to ensure the quality of the workplace when it is located in the home? How will it be possible to indemnify a teleworker who has an accident in the home? What are the rights of the traditional worker whose workplace is changing and whose employer wants him or her to become a teleworker? What about municipal zoning and the permission to carry on this type of professional activity in the worker's home? If it is not allowed, is this "proper and sufficient cause" for dismissal?

Although certain specific provisions do exist at the provincial level, which in some general cases apply to this type of situation, it is fair to say that new concepts must be developed quickly in order to effectively embody these new realities. Failure to do so would be tantamount to denying certain contingent workers rights which society formally recognizes to others, and would present serious risks for social inequality, not to mention the tendency to externalize even further the social costs of the erosion of the traditional structure of work.

Telework is a broad and complex concept. The teleworker is defined on a case-by-case basis as a self-employed worker, as an independent contractor or, conversely, as a dependent contractor. Whatever the case, the yardstick used to measure the entitlement of a teleworker, or a self-employed worker to have access to certain social benefits, or to be represented by a bargaining agent, must be the nature of their work.

Of course, many self-employed workers choose this status voluntarily and are, as such, an example of a new undeniable entrepreneurship that we must continue to encourage. However, their needs are often different from those workers who, for various reasons, have had this status forced upon them. Moreover, some individuals are legally entitled to social benefits while, for no apparent reason, others who appear to be doing the same work are not. As well, others are victims of an overly rigid work structure, or are coldly forced into unstable work situations by employers wanting to avoid employment costs or unionization. The purpose of public policy governing the self employed must be to provide them the same rights as those usually accorded to factory workers.

Regardless of where they come from, self-employed workers feel a need to get together to provide themselves with services and training. A recent agreement concluded between a group of Quebec forestry equipment owners and a major national union clearly attests to this need. These workers saw in the agreement an

opportunity to gain greater bargaining power with the large forestry companies. Other self-employed workers should have the option, if they so desire, to exercise their right of association beyond the purchasing of goods and services, and extend it, in a real and tangible way, to collective bargaining. A well-designed policy has a role to play in this regard. It must ensure — as with the conventional protection of the right of association — that practices to prevent the fulfillment of that desire are not tolerated.

Socially, what can be foreseen and encouraged already is the emergence of a wide variety of arrangements and structures for the representation of workers in non-standard employment, — arrangements tailored to the highly diverse circumstances and needs of these workers. The forms of these structures will depend on their own purpose, and they must be able to grow and develop in accordance with their particular requirements and characteristics. Some might even lead to collective bargaining and, if they do, they must be accorded as such the same legitimacy that attaches to the traditional representation structures.

### ***Labour Standards***

By definition, labour standards are meant to be basic and universal, whether they relate to hours of work or to wages. They are enforced by law and take precedence over all individual agreements, contracts or collective agreements, which may contain less advantageous conditions. Thus, in principle, individuals cannot contract out of such basic standards.

As other signatories to this report have forcefully pointed out, there are problems associated with the application of minimum labour standards. For my part, I will look at certain key aspects: those related primarily to the very design and operation of the legislation, and those related to the matters being regulated. Labour standards ensure that the objectives of equity and the proportionality of social costs are achieved. Broadly speaking, workers mutualize though standards the social risks they face, which should also hold true for workers in non-standard employment. The social safety nets available to factory workers must also be available to other workers at a comparable cost.

Developing standards also poses new challenges. Each minimum standard considered by itself, be it standard hours of work, duration of work, overtime, minimum wage, leave, etc., accords a right which the state chooses to define or to authorize for all workers. By definition, such rights must have the universality of a public right. This said, some people have serious concerns about the rigidity and effectiveness of the existing system for developing and sanctioning standards in the new economy, where flexibility is paramount. Such a system of standards is not in itself incompatible with the requirement for flexibility, provided that flexibility is not equated with a weakening of the standards. For example, when it comes to an appropriate application of minimum standards designed to ensure the protection of workers, is there any reason for a computer technician in

Yellowknife, who at night tele-repairs computer systems located in Santiago, Chile, not to have a work schedule adapted to his work requirements and tailored to his needs? I will return to this point later.

## Future Action

The previous section revealed the extent to which the institutions of work, — like the concepts of employee, workplace and bargaining agent, result directly from a series of arrangements and structures which are themselves derived from the modes of production associated with a soon-to-be bygone era. The present revolution in production methods and related structures is in turn transforming the major functions of work.

Whether it is the purely economic functions of work, such as production, remuneration and distribution of income, or the more social functions, such as integration within the community, or the assignment of roles related to work, one's experience of work is conditioned by various forms of regulation which determine how it operates. It is therefore important to realize that, since the industrial revolution, the organization of work and the socio-economic needs created have had a major influence on the social, legal and governance structures of societies and, in turn, are a reflection of them.

## Towards a New Work Culture

When one tries to express the values of Canadian society with respect to the organization of work, the preamble to Part I of the *Canada Labour Code* still holds true:

*. . . there is a long tradition in Canada of labour legislation and policy designed for the promotion of the common well-being through the encouragement of free collective bargaining and constructive settlement of disputes; . . . the Parliament of Canada . . . deems the development of good industrial relations to be in the best interests of Canada in ensuring a just share of the fruits of progress to all;*

This text reflects the fundamental concerns for social equity where is found the harmonizing of individual interests with society-wide sharing. Its place in the Code also illustrates the government's desire to see these values reflected in the way in which we organize work. Even if, as pointed out in the introduction, these values still hold true, the ways in which they translate themselves into everyday reality must evolve, or we run the risk of negating them.

The scope of the changes evident in the world of work and employment raises the question of whether the existing legislative framework for labour matters can really serve our common values. The importance of this issue warrants a global, integrated approach encompassing all aspects of the question. It requires, even if it is not an issue covered by the limited scope of this report, a review of the key

components of the legislative framework. The components I am referring to are the organization of industrial relations, in both the public and private sectors, and minimum employment standards: their development, definition, scope and sanctioning. I am also referring to the training and communication needs of workers; to all of the policies which form the threads of our social safety net, in particular, social security relating to employment insurance and to pensions; and lastly, to the entire tax system to the extent that the tax regime and its management are inextricably tied to work. It is the entire culture of work and its place in society that must be reinvented.

This redefinition of the culture of work must lead to a reorganization of work that is faithful to our values, while ensuring high economic performance. We must create wealth if we want to be able to share it; and only by sharing it will wealth creation be sustainable in the end.

In the era of the knowledge-based economy, success will depend heavily on the supply and quality of our human capital. We must design and implement labour policies and legislation geared to the requirements of the new economy: these must be made more flexible and more user-friendly so as to better respond to a more complex economy and to more sophisticated social partners.

A key feature of this new work culture involves the idea of partnership in all of the major spheres of socio-economic activity. In this context, the adversarial approach based on the model from the *Wagner Act* must give way to a more flexible and more productive model. Taylor's model, on which current legislation and relationships are based, will not survive the new realities of work. Everyone must recognize it and prepare himself for it.

At the recent *National Forum on the Information Highway and Workplace Issues*, participants widely and wisely acknowledged the need for Canada to begin addressing all labour issues on a consensual basis, the need to foster ongoing dialogue rather than engage in sporadic exchanges, and the need to build relations based on co-operation rather than confrontation. Labour legislation and policy must be reformulated to reflect these widely-held concerns and must ensure economic performance and social equity.

Finally, as the OECD has acknowledged, the creation of sustainable wealth depends on economic performance achieved through the orderly establishment of effective methods of redistribution. New labour legislation and practices aimed at responding to these needs will alter without question collective bargaining and labour relations. The concepts of collective bargaining, good-faith bargaining, accepted practices and methods of dispute resolution in the workplace will necessarily take on new meaning, and sooner than we might think.

The extent of the reform and, in my opinion, its urgency leave little doubt about the need for everyone to become involved. Governments will have to lead by example and provide a voice for groups representing self-employed workers, the unemployed and the growing number of individuals and groups involved in the social economy. The challenge is great because it involves nothing less than the complete remodeling of the institutions of work and their fundamental dynamics.

### ***Basic Institutions and Concepts: Employment Relationship and Workplace***

Concepts such as “employee”, “manager”, “supervisor”, “employer” and “employment”, which are based on, either a binary subordinate relationship, or a concept of business from the industrial age, have become obsolete. In the final analysis, there is a need for a framework that enables businesses to innovate and to adopt new practices — something which is not possible under the current model — without negating our most deeply-held community values.

From a legal point of view, salaried employment must give way, as the cornerstone of the system, to the concept of a contract of activity, one that would imply rights and obligations for each contracting party. This is a much broader concept for it acknowledges and encompasses the multiple realities of the knowledge-based economy, which are ill-suited to a framework designed for a very different system of industrial production.

It is also necessary to re-examine the concept of the workplace and its impact. As we have seen, legislation has always linked the workplace to the employer. Moreover, certain rights and responsibilities, such as certification, are directly associated with it. This linkage may have been reliable and appropriate up to now, and may remain so in some respects, but very often, it is neither.

### ***Collective Bargaining***

The concepts referred to earlier must be reviewed so that those who wish to have access to collective bargaining may do so under the legislation. Collective bargaining remains a central concept in the way work is structured and remunerated. But beyond this micro-economic role, collective bargaining also plays a role in the economy as a whole with regard to the redistribution of wealth between capital and labour. Accordingly, collective bargaining is for the most part a private sector mechanism better adapted and responsive to the requirements of individual workplaces than are public policies of income redistribution. That being said, there is a need to consider implementing a model for bargaining of more universal application that would rely more on participatory processes than on confrontation. The logic behind such processes could lead to a new way of doing things, including methods other than those relying on the use of traditional economic weapons such as strikes and lock-outs.

In addition, greater access to collective bargaining should mean to be able to organize workers when they are not necessarily employed by the same employer, or at the same workplace, but when, for example, they either practise the same occupation, or work in the same geographical area.

### ***Models of Representation***

The breakdown of the traditional employment relationship and the proliferation of new types of work relationships call into question the suitability of current models of representation. As we have seen, more and more workers are finding themselves personally having to assume many work-related risks, such as benefits, insurance and training. Without an attempt to pool certain interests and resources, the management of such risks becomes much too costly and, for this reason, of little use as far as protection is concerned. Self-employed workers, for example, make up a major portion of the labour force where these needs are acutely felt. Of course, this group is far from homogeneous, and it would be a mistake to consider all so-called “self-employed” workers in the same light.

Many of these workers wish to be represented for the purposes of negotiating their working conditions, while others do not. Those who wish to have such representation include workers who, for all intents and purposes, have been artificially placed in the position of being self-employed, and who have been deprived of all bargaining power, even on an individual basis. At the federal level, except for truckers, fishers and artists, few such workers truly have access to collective bargaining. The government must help self-employed workers organize, as it must contribute to the diversification of the activities and services of the organizations devoted to serving them. Possible forms of representation for these workers are as varied as they are numerous.

#### *a) Extension of the model of the Status of the Artist Act*

The model used in the *Status of the Artist Act*, which, in the area of employee support or representativeness, sets out the criterion of the most representative organization instead of that of the majority, as is traditionally the case in certification matters, could be extended to other workers, and made to apply to many different sets of circumstances.

#### *b) Industry-wide bargaining*

Paragraph 34(1)(b) of the *Canada Labour Code* also provides for the possibility of industry-wide certification in industries other than long-shoring. To our knowledge, no union has ever asked to take advantage of this provision. Before other models are developed, the trade union movement should show some daring, and should put this provision to the test in order to better assess its own ability to organize self-employed workers.

### ***Role of Unions***

In the face of new representation needs, unions should not limit themselves to the single, plant-based model of a bargaining unit. Instead, they need to open themselves up to innovative ways of organizing if they wish to avoid becoming stale or plateauing. The increase in self-employment and telework should logically lead to an increased need for occupation- or type-of-service-based representation. The unions must develop new areas while diversifying and refining their organization methods and range of services. Union employees must be trained to meet these new challenges. If organized labour in its current form does not genuinely accommodate these new workers, they are unlikely to come on board and, if they do, not for long. The programs offered by the Department of Labour should contribute to this diversification of union organizations, and they should make it easier for self-employed and nonstandard workers to organize.

### ***Other Legislation: Health, Taxation etc.***

The changes to the way in which work is organized, and to its principal operating concepts, will also have an impact on the legislation with regard to safety and health, insurance, tax regimes, municipal law, and so forth. In short, if the effects of these changes are being felt strongly in a large number of institutions, it is important to undertake a comprehensive assessment of the effects, both positive and negative, of the various regimes that affect the workplace.

## ***Towards a Transformation of Approaches and Roles***

### ***Mobility: Portability of Benefits — Employee Benefit Smart Cards For All***

As we have seen, traditional systems of granting and applying benefits are linked to the employer. As a result, these systems not only discourage — but penalize — mobility. In an economy in which flexibility and versatility are the order of the day, all workers must be given the social tools they need for mobility, and these tools must be fully portable rather than remain attached to a given employer.

Why not issue each worker a permanent smart card, a type of portable employment and benefits record, to follow workers throughout their working lives? Employers would contribute as they do now, for things such as occupational training, the extent of which based on the amount of work performed by each worker. The system would apply on a universal and proportional basis both to workers with little job security and to others who would be paid by one or more joint clearing houses. Accordingly, the benefits and advantages of work would be identified and attached to each worker. A model could be found in the the cultural industries where self-employed workers have some experience already in that regard. There is no reason to think these types of systems could not be administered by the private sector; quite the contrary.

## ***Labour Standards: A Variety of Systems***

Minimum labour standards are essential to ensure the protection of workers, and their health, and to maintain certain basic working conditions. They may also have a role to play in the redistribution of work, particularly with regard to normal working hours. Various approaches may be considered here.

In effect, many stakeholders are calling for a radical and comprehensive rethinking of labour standards in order to create employment through a reduction in the normal work week, without, however, a proportional reduction in services and wages. While there is a lack of universal agreement on this point, this idea should not be cast aside if employment levels continue to stagnate.

There seems to be unanimous agreement in one area of labour standards: no one size fits all. In the new economy, where competition is fierce and mistakes costly, standards must be applied intelligently and carefully. We support the idea put forth in our consultations by some employers and unions whereby existing sectoral councils, or joint bodies to be created, would be responsible for setting minimum standards for a particular industry, or even a particular geographical area. These standards could then replace government standards under certain conditions. Industries adopting these new standards could, with departmental certification, substitute them for general standards established by the government, which would still apply, by default, only in industries or geographical areas where agreement could not be obtained.

We should emphasize that we are not suggesting that the government abdicate its responsibility for setting minimum standards, but that it play an active role in conjunction with key economic players. From this standpoint, the idea of minimum standards originating from particular industries has merit and should be explored.

In this vein, one possibility would be a pilot project to test the idea of management certification in the area of standards. However, rather than calling everything into question, a test could be carried out with partners already well positioned because of a long-standing employer-employee relationship. The Department of Labour could, after consultation with interested parties, designate one or two industries and test the idea with their representatives. If the results are conclusive, the Department could extend this opportunity to others, as needed.

## ***Public Sector and Private Sector: An Expanded Industrial Relations Council***

Contracting out and the privatization of public services are increasingly blurring the lines between “public sector” and “private sector”. A citizen who is deprived of his pension cheque because of a lock-out affecting the public servant who processes it is in no better position than when it is held up because of a work

stoppage involving postal workers. In the first instance the situation is attributed to the public sector, and in the second it is not. In both cases, however, the government is the actual employer.

All levels of government have laid off thousands of public servants. In many cases, they have been replaced with people from private-sector employment agencies. All of this is taking place against a backdrop of legislative overlap and duplication which is often irrational, particularly at the federal level. In effect, employees hired through an agency to work in a federal government office would likely come under provincial jurisdiction because they are not public servants. Have we ever asked ourselves what kind of remedies such employees would have in terms of safety and health? In any event, the distinctions, often artificial, between the public and private sectors no longer justify, as far as the public service and others are concerned, maintaining two federal labour relations boards. Specialized functions within an expanded board would more than suffice.

### ***Role of Sectoral Councils***

Many sectoral councils play a key role in staff training, a central dimension of the new economy. The creation of an analogous council for the cultural industries has worked out extremely well. Indeed, these industries' Council has managed to bring together for the first time, in a most energetic and enthusiastic fashion, self-employed workers from the arts community. If we need precedents to convince ourselves of the wisdom of seeking solutions based on consensus, we should turn to the sectoral councils, the federal government's Canadian Labour Force Development Board, or the Société québécoise de la main-d'œuvre (SQDM). In any event, I feel that this type of council is an important component in the building of an institutional labour infrastructure which takes into account the diversity of circumstances and the particular interests of each major area of activity.

### ***Role of Government***

The major changes to the world of work required by the new economy will not come about on their own. As this committee attests, governmental authorities have started to realize this. The scope of the challenge calls for insight and leadership, and for a government presence which is both firm and flexible. As we have seen, the new realities of work in the computer age call into question not only important aspects of our various systems of work but also, and more fundamentally, the entire institutional framework of which they form part. In that sense, they raise the fundamental question of values and, consequently, that of the public good and public policy objectives. The government plays a central role from this point of view. As the World Bank noted in its 1992 report entitled *Governance and Development*, the government should play as much a role in establishing the rules of the game regarding the way markets operate, as in maintaining a public service sector that gives concrete form to the principles of the public good and public responsibility. From this perspective, it should be pointed

out that government must as well, as it does in the area of competition where it clearly establishes the rules of the game, set up structures and institutions to ensure that the common interest is served through the implementation of the rules governing work in the new economy.

This effort to bring about institutional reform, as presented in the following recommendations, takes into account the reduced financial means of present-day governments. It is therefore important to point out that the creation of new institutions, as suggested here, will not necessarily require new resources. In most cases, it would involve merely restructuring or redirecting existing mechanisms to bring them in line with the realities of the new world of work.

### ***Permanent Structure for Co-operation***

First and foremost, the federal government itself must adopt a permanent policy and structure for consultation aimed at bringing together key economic players and the most senior government officials. This will not be a question of consultation for the sake of it, but of working together to channel and direct the efforts of all parties concerned. Joint action must become both a priority and a tool for reaching our major social and economic objectives. This action could serve as a framework for the development of key objectives relating to a national productivity strategy whose implementation would be meaningless without a national employment strategy.

Canada is the proud host of many large transnational companies. If it manages to develop a genuine economic and social partnership in the way work is structured, there is every reason to believe that, in affirming its own personality and its commitment to fundamental values, greater social cohesiveness will ensue that will likely result in the enhancement of its international trade performance.

### ***For a Full-fledged Department of Labour***

The government must become more effective, and it must consolidate certain services for it too must adapt to the information age. It must consolidate its operations and ensure that the Department of Labour has both the responsibilities and the means required to effectively handle all labour-related issues.

### ***For a Permanent Advisory Committee on Work and Employment***

As the person responsible for co-operation in the workplace, the minister responsible for labour and employment must himself have a joint standing committee responsible for advising him on all issues relating to his department's mandate, including standards and legislative reform. A simple and flexible structure would be needed. Although, strictly speaking, there are no associations

representing all partners at the national level, the Minister could, following consultation with groups that wish to participate, designate the number required to form the committee.

### ***Creation of a New Canadian Agency on New Forms of Work***

While it is true that labour falls within provincial jurisdiction under the Constitution, it is important to remember that the federal government is responsible for the fourth largest segment of the workforce in Canada, and that federally-regulated employees have the highest rate of union membership. What is more, many of the large companies associated with the information highway come under federal jurisdiction.

During the *National Forum on the Information Highway Issues* held in February, and during our own consultations, the fragmentary and incomplete nature of the research on the new economy and its impact on the workplace was universally deplored. The Minister of Labour should propose to his provincial counterparts, in conjunction with the major employer and union organizations, representatives of workers in non-standard employment and other institutions concerned with labour issues, the joint establishment of a Canadian agency to observe and report on new forms of work. Its role would be to encourage and coordinate research in these areas. It could also ensure access to the wealth of valuable research carried out in provincial departments, universities, and management and union organizations — research which is now, unfortunately, widely scattered. The agency would be responsible for pooling and disseminating such research, particularly through the information highway. This initiative would be self-funding.

### **Final Comments**

All the suggestions made here are intended to serve as food for thought. Once the dust settles on my comments, as well as on the extremely valuable comments of my colleagues, the Minister of Labour and the government will no doubt wish to officially consult without delay with those concerned in order to establish a genuine strategy aimed at addressing the major issues raised by the entire new question of work. I feel that the role of government is essential vis-à-vis the complex and urgent work that lies ahead.

I hope that the considerations raised in this report will have succeeded in showing both the need for a broad and consistent approach to formulating labour policy, and the urgency of finding effective ways to implement change strategies as soon as possible. At the OECD ministerial conference in December 1996, enlightened observers correctly noted that institutional and government innovation was lagging far behind technological innovation, and that it would have to catch up. We certainly share that sentiment. If a number of our suggestions can be used to spur the development and implementation of change strategies, this reflection will have served its intended purpose.

## **Appendix 1: List of Associations, Bodies Met by Serge Brault**

- Association canadienne des pâtes et papiers (ACPP)
- Association of Canadian Television and Radio Artist (ACTRA)
- Canadian Actors' Equity Association (CAEA)
- Canadian Artists Network Black Artist
- Centrale des Enseignants du Québec (CEQ)
- Centre de Recherche Informatique de Montréal (CRIM)
- Centre des services aux réseaux d'entreprises - Secteur forestier (CSRE)
- Centre francophone de recherche en informatisation des organisations (CEFRIQ)
- Confédération des Syndicats Nationaux (CSN)
- Conseil du Patronat du Québec (CPQ)
- Cultural Human Resource Council (CHRC)
- EDGE Cultural Management (ECM)
- Edmonton Musicians Association (EMA)
- Fédération des Travailleurs et Travailleuses du Québec (FTQ)
- Groupe de travail de l'économie sociale (GTES)
- Groupe du 2ième Mardi (Montréal)
- L'Alliance des manufacturiers et exportateurs du Québec (Alliance)
- Periodical Writers' Association of Canada
- Tribunal canadien des relations professionnelles artistes-producteurs
- Union of Nova Scotia Indians (UNSI)

## **Appendix 2: List of Persons Met by Serge Brault**

- Monsieur Michel Audet (Université Laval)  
Mr. Eddy Bayens (Edmonton Musicians Association)  
Monsieur Denis Beauregard, Président (CPQ)  
Me Claude Bédard (Pouliot, Mercure)  
Madame Mireille Bergeron (artiste)  
Me Rodrigue Blouin (Université Laval)  
Madame Pierrette Boivin (Nortel)  
Monsieur Smaïl Bouikni (SQDM)  
Monsieur Pierre Cappiello (Rédacteur)  
Mr. David Caron (Canadian Actors' Equity Association)  
Me André Champagne (Emond, Harnden)  
Monsieur Gilles Charland (Syndicat canadien de la fonction publique)  
Me Graham Clarke (Scott and Aylen)  
Me Yves Clermont (Clermont, Canuel, Roy)  
Monsieur Gratien Côté (IBM Canada)  
Monsieur Michel Cournoyer (SQDM)  
Monsieur Denis Courteau (Syndicat des travailleurs et travailleuses des postes)  
Monsieur Pierre Deschamps (Teamsters Canada)  
Monsieur Luc Desnoyers (Directeur québécois TCA - Canada)  
Monsieur Michel Doré (CSN)  
Mr. Martin Doyle (Association of Canadian Television and Radio Artist)  
(ACTRA)  
Monsieur Jean-Guy Duchesne (Provigo)  
Me Marie-Christine Dufour (Trudel, Nadeau, Lesage, Larivière & Associés)  
Monsieur Ghislain Dufour, Président (CPQ)  
Monsieur Arnold Dugas (Syndicat des Métallos)  
Me James R.K. Duggan  
Monsieur Yves Dulude (Conseil consultatif du travail et de la main-d'œuvre du Québec)  
Monsieur Denis Falardeau (CSN)  
Mrs. Barbara Florio-Graham (Periodical Writers' Association of Canada)  
Me Claude H. Foisy (Arbitrabe Inc.)  
Monsieur André Fortier (Président, Tribunal des Artistes)  
Me Marco Gaggino (Casliglio et Associés)  
Monsieur Anthony Giles (Université Laval)  
Monsieur Clément Godbout (FTQ)  
Madame Ginette Gosselin (Ginette Gosselin services d'arbitrage)

Mr. Duncan Gould (Union of Nova Scotia Indians)  
Me Clément Groleau (Groleau & Associés)  
Monsieur Robert Guay (Ass. Internationale des machinistes et des travailleurs de l'aérospatiale) (AIMTA)  
Ms. Susan Hansen-Broten (CHRC)  
Me Susan Heap  
Madame Danièle Hébert (CSN)  
Madame Joane Hurens (Alliance de la fonction publique)  
Madame Micheline Jourdain (CEQ)  
Madame Denise Julien (CSRE)  
Monsieur Michel Lajeunesse (Union int. des employés et employées professionnels-les et de bureau)  
Me Marc Lapointe  
Monsieur Richard Lapointe (CSN)  
Monsieur Gérald Larose (CSN)  
Mr. William Lau (Little Pear Garden)  
Me Daniel Lavery (Services d'arbitrage Daniel Lavery Inc.)  
Monsieur Yves LeBorgne (CRIM)  
Me Claude Le Corre (Le Corre et Associés)  
Me Richard Legault  
Ms. Elizabeth MacPherson (Artists Tribunal)  
Monsieur Michel Mantha (Hydro Québec)  
Monsieur Henri Massé (FTQ)  
Monsieur Denis Matte (Ministère du travail du Québec)  
Mr. Chuck McGee (Cultural Human Resource Council)  
Mme Madeleine McNicoll (Association canadienne des pâtes et papiers)  
Me Claude G. Melançon (Melançon, Marceau, Grenier & Sciortino)  
Madame Anne Moreau (avocate)  
Me Pierre E. Moreau (Rivest, Schmidt, Moreau, Desautels & Tardif)  
Me Yves Morin (Lamoureux, Morin, Lamoureux)  
Me Jean-François Munn (Loranger, Marcoux)  
Monsieur Gregor Murray (Université Laval)  
Madame Nancy Neamtan  
Mrs. Marva Olliviere (Canadian Artists Network Black Artist)  
Me Gilles Paquette (Paquette, Meloche)  
Monsieur Christian Payeur (CEQ)  
Monsieur Gérald Ponton (Président Alliance des manufacturiers et exportateurs du Québec)  
Madame Brigitte Poussart (RISQ, CRIM)  
Madame Marie-France Revelim (Bell Global Solutions)

Monsieur René Roy (Syndicat canadien des communications, de l'énergie et du papier) (CSEP)

Monsieur Yves Sanssouci (CRIM)

Monsieur Maurice Sauvé (CSN)

Me Manon Savard (Ogilvy, Renault)

Madame Dominique Savoie (Service de la recherche) (FTQ)

Monsieur Robert Savoie (Université McGill)

Madame Suzanne Senécal (Société des musées Québécois)

Mrs. Judy Slivinski (EDGE Cultural Management)

M. Jean-Philippe Tabet (CRHC)

Me Claude Tardif (Rivest, Schmidt, Moreau, Desautels & Tardif)

Madame Ginette Thériault (Alliance)

Me Michel Towner (Byers, Casgrain)

Me Maryse Tremblay (Conseil canadien des relations du travail - CCRT)

Monsieur Gilles Trempe (CEFARIO)

Me Ginette Trépanier (Brissette, St-Jacques, Trépanier, Lamarre)

Monsieur Gilles Trudeau (Université de Montréal)

Monsieur Émile Vallée (FTQ)

Monsieur Pierre Verge (Université Laval)

Mr. Meeka Walsh (Member Artists Tribunal)

## **Worker Representation and Protection in the “New Economy”**

### **Introduction**

This initial report is based on background research on the changing labour market and the changing workplace undertaken by unions, academics and social justice organisations, as well as on discussions with labour and social movement activists and experts facilitated through the “collective reflection” process.

Specifically, a day long consultation session on “Intensification and Distribution of Work” was held on December 18, 1996 and the analysis of labour market and workplace developments in Part II of this report reflects the input of the academics and labour researchers and activists who attended that meeting. Professor Don Wells of McMaster University presented an extremely useful background paper. A second consultation session on employment standards was organized on February 7, 1997 and was particularly valuable for the insights provided by workers in community legal centres as well as by lawyers and union staff familiar with the content and enforcement of standards. Again, a very useful background presentation was prepared by Professor Judy Fudge of Osgoode Hall Law School. Finally, a small consultation session was organized with labour law experts Diane Macdonald, Stephen Barrett and Judy Fudge on February 14, 1997.

I have been assisted in the preparation of this report by Andrew Jackson, Senior Economist, Canadian Labour Congress, and by colleagues in the labour movement who agreed to act as part of an informal “reference group”.

This report seeks to describe the reality of the changing labour market and changing workplace from the perspective of working people and to explain some of the forces of change. It highlights the continuing critical importance of union representation and employment standards to better outcomes for working people in a “new economy” and offers some broad reflections on needed directions for change. The central argument is that labour market institutions — collective bargaining and employment standards are as important as ever given the current direction of change, and must be strengthened rather than weakened. Changes to these institutions must also be actively considered in order to accommodate changes in the nature of work and employment.

## **“New Realities” — The Intensification and Casualisation of Work**

Consultations with those most directly affected reveal that the reality of the changing workplace and changing labour market as experienced by most Canadian workers in the 1990s is far removed from the potential for the creation of more skilled-oriented, productive and rewarding jobs that should have been opened up by new technology and high levels of education. While the “knowledge based” “new economy” has undoubtedly created highly paid jobs (not to mention soaring investment returns) for a narrow layer of senior managers and highly skilled professionals, the majority of working people are experiencing much higher levels of insecurity than in even the recent past, and are working in much more stressful workplaces for stagnant or declining wages.

When working people and union activists are asked about “the changing world of work”, what emerges is a picture of increased **precariousness** and **insecurity** of work on the one hand, and increased **intensity** of work on the other. Casualization and lean production are the two faces of the employer drive for competitiveness through higher productivity and lower labour costs. It is employers who are driving the process of change in the workplace, and trends in the wider labour market represent the overall social impact of employer strategies.

Only a minority of workers in Canada today — just one in five working women and two in five working men — hold “good jobs” — full-time, full-year jobs that pay at or above the average industrial wage.<sup>6</sup> Even the relatively fortunate minority who hold such jobs are increasingly insecure and precariously employed given ongoing “downsizing” and “restructuring” by corporate and public sector employers. Employers are striving to increase productivity and lower production costs by eliminating “core” workers, by “contracting out” and “out sourcing” work to other enterprises which offer poorer and more precarious jobs, and by increasing the pace of work through a range of “lean production” techniques.

Most so-called “core” workers are working longer and longer hours in more stressful jobs. Almost one in five workers (one in four men) are working more than 50 hours per week in an era that previous generations imagined would be one of increased leisure.<sup>7</sup> These longer hours have also become increasingly variable and unsocial as more and more employers move to 24-hour-a-day, 7-day-a-week operations. Continuous production has moved from the process industries such as refineries, to industries such as printing and manufacturing that increasingly require night shifts and regular week end working, to the retail and service sector.

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<sup>6</sup> Statistics Canada. Earnings of Men and Women. The average industrial wage is about \$30,000 per year.

<sup>7</sup> Statistics Canada. Labour Force Survey.

Even more stable employed workers in better paid jobs have experienced rising insecurity, which is an accurate reflection of the growing odds of being downsized out of a job or becoming temporarily unemployed. The past few years have seen the elimination of a significant proportion of normally steady, unionized jobs in industries like steel-making, clothing and textiles manufacturing, the media, construction, the hotel industry, and so on. Rising productivity has meant continuing layoffs of “core workers” despite a modest recovery in economic growth in the 1990s. Strikingly, payroll employment has barely increased in 1995 and 1996, i.e. all job growth has been in self-employment or in very small enterprises.

Workers who remain after layoffs are working harder, often for longer hours, and are more vulnerable. Good jobs in corporations and with larger public sector employers are being eliminated and made much more precarious and contingent through competitive tendering and contracting out to smaller firms, and through an internal shift to contract and temporary employees.

Corporations are shifting many operations to outside suppliers, converting the reasonably stable jobs with large employers which are often unionized and provide reasonable wages and benefits into more precarious jobs with small employers in fiercely competitive markets. Contracting out began with so-called “non core” operations such as cleaning services and payroll services, but the scope has spread considerably.

In the automobile sector, for example, parts production is being shifted to outside suppliers who generally pay lower wages and benefits, and are less likely to be unionized. The big three assembly companies encourage cut throat bidding between suppliers, with inevitable impacts upon wages and working conditions in supplier firms, but closely specify the nature and the quality of the production that is tendered out. Micro management of suppliers extends to the point where firm production techniques and firm investments are closely audited and monitored. The result is a coordinated production network that is effectively organized to serve the interests of a large corporation, but in which that corporation directly employs a shrinking portion of the labour force.

What is true in the automobile industry, is true of much of the large scale, corporate economy — a shrinking core of relatively good jobs, often based on high levels of technology, is surrounded by a growing periphery of less well paid, more precarious jobs with small suppliers of goods and services. Many of these suppliers are so squeezed by competitive pressures that they are unable to invest in skills and equipment and training, and resort to grossly exploitative labour practices. In almost all sectors, the gap between productivity and the quality of jobs in larger and smaller firms is growing.

Some of the most extreme examples of the return of highly exploitative production strategies lie in the garment and footwear industries. It is not unusual for corporations which having a large share of the market for high priced consumer goods — such as Nike shoes — to undertake almost no manufacturing on their own account, but to produce solely through contractors and sub contractors. These

corporations claim all responsibility for sweatshop conditions while reaping huge profits from very low wage labour. The labour cost component of heavily advertised and promoted designer clothing is almost trivial, reflecting the extremely low wages paid to women in sweatshops and basements in our large cities who have to compete for work with the export processing zones of the developing countries.

Corporations and public sector employers alike are contracting-out services such as cleaning and security to outside suppliers almost exclusively on the basis of the lowest bid, and disclaiming all responsibility for the very low wages and insecure jobs that result. Workers in these sectors usually work long hours at or near the minimum wage, and can lose their jobs and any negotiated protections if, and when, the contracts change hands. Without some security for workers in the job if the contract changes hands — as was the case until recently in Ontario — it is extremely difficult to improve wages, benefits and working conditions.

The erosion of worker bargaining power even in larger, unionised workplaces through mass unemployment, downsizing and contracting out has meant that management has often been able to introduce technological and organisational changes with little or no consultation with unions, and certainly with little or no willingness to respond to issues of key interest to workers. These issues include the pace and intensity of work, health and safety issues, access to training and retraining, and the creation of more skilled and rewarding jobs as opposed to “deskilled” jobs.

Strikingly, unions that once willingly participated in jointly negotiated processes of workplace change offering the promise of more rewarding work now report that the major outcome for their members has been increased intensity and often routinisation of work. Studies of the impact of technological and organisational change on workers undertaken by the Canadian Auto Workers Union, the Steelworkers Union, the Communications, Energy and Paperworkers Union and Unite, among others, convey a reality that is almost completely absent in the management literature on the virtues of “high performance workplaces.” Indeed Dave Robertson, director of work organization with the CAW, remarks that conditions are getting particularly bad in management described “high performance workplaces.”

There is a lot of management rhetoric about the “empowerment” of workers, but the reality is still that few working people enjoy significant autonomy on the job. Indeed, new technology and new forms of work organization often result in less meaningful control over the pace and content of work than was the case before they were introduced. There has been a reduction in lower level supervision of workers due to increase in work by “teams”, but teams can often be a means of intensifying work through the pressure by co-workers. There has been some elimination of very repetitive and physically demanding jobs, but most jobs even in so-called “high performance” workplaces are repetitive. Multi skilling is less the reality than multi tasking, a bundling of short cycle tasks. Certainly the evidence on workplace training does not bear out the view that employers are investing in a major way in the skills of non-management workers. And work

intensity has increased through old fashioned speed-ups and the elimination of every last second of so-called buffer time that is the goal of lean production. Repetitive Strain Injuries and workplace diseases driven by stress are very much on the increase.

The kind of “Taylorist” work practices that were once associated with industrial workplaces — narrow division of tasks, elimination of “wasted” time on the job — are now being applied in health care and in other services. In nursing, increasingly “what counts is what can be counted”, according to researcher Pat Armstrong. Patient care is being reduced to formulas that fail to allow for time with the patient, time for recovery, and time to instruct the patient and her or his family regarding care at home. Nursing work is being not just intensified, but broken down into narrow components and shifted to workers with lower professional qualifications.

**In short, even “fortunate” workers simply do not recognize their own experience in the management literature on “the new world of work.” Workplaces are becoming leaner and meaner. Jobs are becoming more stressful and more insecure. High performance workplaces look better from the outside than from the inside, and even they offer no guarantee of a continuing job in a highly competitive economic climate.**

In corporations and the public sector alike, work restructuring is driven by a managerial agenda. Attempts are frequently made to bypass rather than involve unions in the process.

**That said, collective agreements do give workers rights to involvement in the process of technological and organizational change, and this results in better outcomes than for unorganised workers who have no voice and no power.**

In some unionized workplaces, unions have negotiated access to real training opportunities and have been able to make jobs more rewarding. For example, in Southern Ontario the United Food and Commercial Workers have negotiated with grocery stores to establish training programs that allow check-out clerks to move into full-time, higher paid jobs as meat-cutters. In a growing number of sectors, joint union — employer training councils have been established to deliver portable skills training to workers. Generally speaking, both unions and employers have seen such joint councils as an important way to increase the training that is needed as part of organizational change as well as to retrain displaced workers.

New technology can have very different implications for workers depending upon how it is introduced, and bargaining over workplace change can and does make a difference. And union representation, as always, can and does provide for a measure of job security, some restrictions on contracting out, limits on very variable hours and even on long hours, promotion to better jobs over the course of a working life, and decent wages and benefits. These benefits are discussed in further detail below. But even most unionized “core” workers in so called high

performance workplaces have received, at best, only very modest increases in wages and benefits despite rising productivity, and have had great difficulty limiting the loss of good jobs through contracting out and downsizing.

**Outside core workplaces, work is becoming more and more precarious, contingent and poorly paid. This particularly affects working women, young people, visible minorities workers and workers with disabilities.**

The majority of working Canadians — two in three workers overall, and four in five working women — do not hold permanent, full-time, above average wage jobs. They experience a period of unemployment over the course of the year — the fate of more than one in five Canadian workers in the 1990s to date — or they work part-time, or they work full-time in steady but relatively low wage jobs.

The continuing jobs crisis that directly impacts the great majority of working people has two distinct faces — that of high unemployment, and that of high levels of underemployment and very precarious employment. More and more workers are unable to get the hours of work that they want and need. And the most insecure and “contingent” forms of employment are growing the most rapidly.

Part-time work is increasing, driven above all by the lack of full-time jobs. More than one in three part-timers work part-time only because they cannot find the full-time jobs they want, or because lack of affordable child care and elder care limits their ability to work longer hours. Three in four part-timers are women trying to combine paid work with work in the home, and “involuntary” part-time workers are overwhelmingly women trying to obtain longer hours. More and more women and young people are combining and bundling two or more part-time jobs to get the hours of work they want — more than one in four jobs offer only part-time hours.

To be sure, some part-time jobs with larger employers offer decent wages and benefits and stable hours as well as access to training and to better jobs. This is particularly the case for part-timers in unionized workplaces. But the great majority of part time jobs pay significantly less than comparable full-time jobs, provide no or very limited pension and other benefits, and require unstable and unpredictable hours.

Throughout the service sector — in hotels, restaurants, stores, offices, recreational centres, hospitals and social service agencies — employers are cutting out full-time jobs and replacing them with an ever circulating pool of “just in time” part-timers working highly variable hours for lower wages and few, if any benefits. The majority of part-timers work variable shifts, and many are now forced to work more or less on an “on call” basis. Some employers insist that a part-timer who works “on call” should take no other employment so that they are always available for work.

According to the United Food and Commercial Workers Union and the Hotel and Restaurant Employees (HERE), full-time jobs are even being squeezed out of unionized retail stores and hotels. The Canadian Union of Public Employees

reports that the conversion from full-time to part-time jobs with variable hours is proceeding apace in public and social services, particularly in small agencies and for profit enterprises delivering publicly subsidised services. For employers, such a strategy minimizes hourly labour and benefit costs, and allows them to directly vary the number of hours worked with the needs of the operation. The creation of such a “just in time” workforce undermines wages, creates a continuing struggle among workers for more hours, and shifts all of the costs of enterprise “flexibility” on to workers.

Recent years have also seen phenomenal growth in short-term contract work — work that lasts for only a short, defined period of time and offers no promise of continuing employment. According to the Canadian Council on Social Development, one in eight paid jobs are now provided by casual and short-term contract work, and a large share of the growth in self-employment reflects contracting out of work by employers to individuals who would rather be regularly employed. Almost one in six “jobs” in Canada, and fully half of the new “jobs” created over the past three years, are in the form of self-employment.

While the growth of self-employment includes a layer of well paid professionals, many of the newly “self-employed” are vulnerable and exploited low wage workers who enjoy no access to the normal rights and benefits of employment. Many move from one short term job to another because they cannot find regular jobs. But in other cases the legal form of self-employment is used by an employer to evade not just payment of the same level of wages and benefits as paid to regular employees, but also minimum employment standards (minimum wage, hours of work, vacation pay) and employer contributions to EI and CPP.

Legally, someone is a “dependent contractor” and thus an employee for purposes of employment standards, EI etc. if there is a relationship of economic dependency — that is a continuing flow of work and income — and if the content of work is closely defined by the contractor. In practice, many employers have converted regular jobs to contracts with nominally self-employed former employees or newly engaged sub contractors. This has happened, for example, in trucking operations, in plant and computer systems maintenance, and so on. Work once done in house is sub contracted to workers who are still economically dependent, but who now receive lower wages, benefits and protections. The process is also driven by the fact that self-employed workers can benefit from lower taxes than regular workers, because additional tax deductions are available to them.

The attempt to sub-contract work to nominally self-employed workers knows few limits. In a well publicized recent case, a bar attempted (ultimately unsuccessfully) to define waitresses as self-employed workers who had the work of delivering drinks sub-contracted to them in return for tips. Some hotels have considered laying off cleaning staff and contracting out the work to self-employed cleaners who would compete with each other to put in the lowest price bid per room.

In the print and electronic media, says the Communications Energy and Paper Workers Union (CEP), regular employees are being replaced by a floating pool of freelancers. They report that the Globe and Mail newspaper has three staff photographers, and sixty-three free-lancers. Similarly CBC TV production is being cut back as independent film and video production grows apace. In these industries, unions have at least been able to represent and set minimum wage and other conditions for many workers who move from one short term contract to another, but this is hardly typical of short-term office and blue-collar workers.

The Advisory Committee on the Changing Workplace heard directly from workers who are hired by the day for at or close to minimum wage. Hiring hall and day labour operations have moved from the inner cities to the suburbs, supplying workers to manufacturing operations and to offices. Unemployed workers are hired for a day to go house to house selling long distance phone services and to deliver newspapers. In a high unemployment economy, there is no shortage of workers prepared to work for minimum wage or even below for even a few hours, and there is no shortage of employers who are prepared to use casual day labour to lower their operating costs.

According to the National Federation of Nurses Unions, almost one in three nurses are now employed on a casual basis. Nurses at the Toronto Hospital told the Advisory Committee how full-time, permanent nurses are being laid off and replaced by casual nurses, who have lower seniority and will work variable hours, showing up for long or short shifts as demanded by management. In other hospitals, regular nursing staff members are being replaced by on call, agency nurses, who are paid less, receive few if any benefits, have no job security, and work precisely the hours that are demanded. High levels of skill clearly offer only limited protection against the casualisation of work in the 1990s as both private and public sector employers avoid hiring permanent workers.

In direct public service employment with the federal government, according to the Public Service Alliance of Canada (PSAC), casual employment is both significant and growing. In 1996, the federal government employed 4,418 casual employees — who are employed for indefinite terms of 90 days or less — 21,554 employees with contracts longer than three months. 15% of all federal employment was term or casual. Once complete, federal government “downsizing” since 1994 will have cost 55,000 jobs. In many cases, work has been shifted from federal agencies to the private sector, with some jobs lost and others made more precarious as a result. New forms of work such as teleworking have been introduced outside of the collective bargaining process.

Federal public service workers, particularly young people, move from one short-term contract to another with no guarantee of continuing employment even after years of work. One in three temporary workers are employed in public administration and community services.<sup>8</sup> If anything, the contracting out of work

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<sup>8</sup> Grant Schellenberg and Chris Clark. Temporary Employment in Canada. Canadian Council for Social Development

to nominally self-employed workers and to micro enterprises is more prevalent in the public than in the private sector. Yet governments routinely express concern about the growth of low wage and precarious work in total isolation from any recognition of their own actions as employers.

The growth of “own account” self-employment overlaps closely with the growth of home based work, which is replacing former factory work in the garment industry, in electronic assembly, the manufacture of jewelry and other sectors. High fashion garments are sewn up in the basements of homes in Toronto and other big cities for the large retailers and fashion houses who subcontract work through chains that ultimately lead to home workers. The Advisory Committee heard first hand from a community and union activist who works mainly with immigrant women home workers about their long hours, low wages and lack of access to EI and CPP benefits, and the difficulty of invoking employment standards when the real employer is able to disguise the nature of the employment relationship. Despite the law, very few Ontario employers of home workers register the relationship, and many effectively pay much less than the minimum wage, and fail to add vacation pay and make employer contributions to EI and CPP.

Through modern computer and communications technologies, home work is also fast replacing former office based clerical and customer service work. Phone orders for pizza are taken by workers in their own home, and relayed by computer to the ovens. “Teleworking” is particularly advanced among large public sector employers such as the federal government which has moved computers and telecommunication equipment into the homes of workers. Such practices raise complex issues such as how to balance work and family responsibilities and how to limit long hours and split shifts. While welcomed by some, telework can be very isolating and makes workers vulnerable to abuse. One study indicates that federal government employees working with computers at home work an extra 2.5 hours per day. Health and safety is a major concern since few employers are prepared to provide ergonomic home offices. We have been told that employers, in the not too distant future, such as the banks contemplate moving the back office work for credit cards and electronic banking to home based workers. Many may well be “self-employed”. While by no means all teleworkers are self-employed or “dependent contractors”, it is these groups that are the most vulnerable to isolation and exploitation.

Alongside the highly disproportionate growth of precarious “non standard” jobs, job growth has been heavily concentrated in the small firm sector of the economy. This is the result, not just of downsizing and contracting out by larger corporate and public sector employers, but also of the shift of the economy from large scale industrial production to small scale production of private services. It is also the result of the rapid growth of productivity in the larger firms which are making major investments in new technology and introducing lean production techniques. In manufacturing, communications and transportation, workers in large firms have become much more productive (and stressed), but there are far fewer of them.

This shift of jobs from larger to smaller firms is disturbing since, all things being equal, jobs in larger firms are more secure and stable, are better paid, provide more benefits, and offer more training and more opportunities for advancement. Jobs in larger firms are also much more likely to provide access to the rights and benefits and better conditions that are secured through union representation.

The shift of jobs from larger organisations with relatively stable and secure jobs to small, unstable, financially insecure organisations is also taking place in public and social services. Many services are delivered at arms length from governments by small agencies and for profit enterprises. Hit by cuts in public funding and subsidies, not for profit and for profit employers of child care workers, elder care providers, social workers, public health nurses and so on are shifting to variable hours, making jobs more precarious, and increasing the intensity of work. Privatization and contracting out of public services usually results in a sharp deterioration in the quality of jobs in terms of pay and working conditions and access to benefits.

Recent developments in the job market have led to a very marked increase in inequality among workers. Between 1979 and 1989, the real wages of the top 20% of men working full-time full-year rose by 7% (11% for women) while the real wages of the bottom 20% fell by 9% (8% for women).<sup>9</sup> Change has benefited a few, but the rapid growth of and shift to “contingent” and unstable jobs has meant falling incomes for many, an increase in the numbers of the working poor, and greatly increased insecurity.

According to the 1996 **OECD Organization of Economic Co-operation and Development Employment Outlook** (Table 3.2) the incidence of low pay (defined as jobs that pay less than two-thirds of average) is, at 23.7% in Canada in 1994, the highest of any advanced industrial country outside the US. 34.3% of women are low paid, an even higher percentage than in the US.

Some workers are clearly being marginalised by these trends — most notably the chronically unemployed and under employed. The heaviest burden falls on young people and working women in low and middle income families, as well as on visible minority workers and workers with disabilities. For many, the opportunities for skill development and advancement in the labour market which come with a decent job have largely evaporated. It can be argued that even a bad job is better than no job, but precarious and contingent work is much more often a trap than an opportunity. Such work usually provides little or no training or access to career ladders. The reality is, at best, movement between unemployment and short term, low skill, no future jobs. Ultimately, the casualisation of the labour market threatens to create a permanent underclass, as it has in the US.

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<sup>9</sup> Statistics Canada Analytical Studies Branch Paper #60. “What Is Happening to Earnings Inequality in Canada?”

Some of the impact of increased polarisation in the labour market and of the growth of low wage, precarious work has been offset by income support programs such as EI and social assistance. But cuts to income support programs and to public and social services are increasing the dependence of working people on income from jobs at a time when the labour market is clearly failing to generate good, stable jobs.

## What is Driving Change? The Importance of Collective Bargaining and Employment Standards

Current trends in the job market have been driven in part by underlying, broad “structural” economic trends, such as “globalization” and rapid technological change. Certainly international competition has greatly increased, shifting some jobs to lower wage developing countries and forcing employers to produce more and better goods and services at lower cost in order to compete with other companies in both the developing and the developed world. New computer based technologies have also certainly changed the nature of jobs and of skills (although technological change is itself nothing new). Information technology is clearly eliminating some jobs and changing the skills required of workers in other jobs. This clearly poses major challenges. But the massive “casualisation” of work that has taken place in Canada, as in the US and the UK, has not taken place to anywhere near the same extent in other advanced countries where precisely the same broad “structural” trends have been at work.

As the OECD argued at length in the 1996 **Employment Outlook**, (Chapter 3) unions and strong labour standards in some countries have worked to maintain stable jobs and greater equality among workers, notwithstanding the impact of globalization and new technology which has been little less than in North America or Britain. Inequality has increased and the relative position of the lower paid has eroded much more severely in the countries where collective bargaining is more limited in coverage, and where minimum wages and employment standards are relatively weak. In most continental European countries, the great majority of workers are covered by collective agreements and legislated protections are stronger.

The OECD analysis shows that inequality among full-time wage earners in Canada is very high by international standards, though somewhat less than in the US. The top 10% of men and women earn almost four times as much as the bottom 10% of men and women in Canada, but the differential is only between two times and three times in Germany, Japan, and the Scandinavian countries. The incidence of low pay (earnings below two-thirds of average) is about half the Canadian level of 23.7% in continental Europe and Japan.

Collective bargaining coverage is critically important because virtually all studies show that it compresses differentials between the higher paid and the low paid by raising pay and improving working conditions for lower paid workers. This also limits inequality between working women and men.

Minimum wage laws and other employment standards have the same effect of raising the floor in the job market, and of making low paid jobs less insecure and unstable.

The OECD concludes that:

*"higher rates of unionization and collective bargaining coverage reduce the incidence of low wage employment. Other institutional factors such as legal minimum wages set at high levels and generous welfare benefits also appear to create a binding wage floor and lower the incidence of low pay."*<sup>10</sup>

International experience, then, shows that it is simply not true that increased inequality and job insecurity are the inevitable and inescapable product of a more global and more knowledge intensive economy. **The critical difference between countries is the extent to which the labour market is regulated by collective bargaining, and by governments through employment standards.**

This is also borne out by comparisons between Canada and the US. A recent major study by Richard Freeman of Harvard University (*Small Differences That Matter*) showed that stronger unions and generally better labour standards, and income support programs have resulted in lower wage inequality and relatively fewer highly contingent and precarious jobs than in the US. In another study, Freeman estimates that at least one quarter of the sharp increase in wage inequality in the US in the 1980's was due to declining unionization:

*"In the 1980's, 15% of the work force lost the 20-25% wage advantage associated with union membership, the lower dispersion of wages found in union workplaces, and the greater provision of pensions and other benefits under unionism."*<sup>11</sup>

The impact of declining unionization has been even greater if we take into account declining pressure on non-union employers to pay higher wages and benefits and provide more security. Leading US labour economists such as Freeman argue that the sharp increase in inequality and the growth of low wage work must be countered not just through investment in skills, but also through supporting collective bargaining and higher employment standards.

There is clear evidence that collective bargaining in Canada has countered market driven trends towards increased inequality, and raised the relative position of low wage workers, particularly women workers. The data in Appendix 2 to this chapter shows that collective bargaining tends to raise wages, particularly for women and part-time workers in relatively low wage sectors of the economy. The wage gap between men and women is 11% in the unionized sector compared to 18% overall. Collective bargaining also provides access to a wide range of

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<sup>10</sup> 1996 Employment Outlook p. 60

<sup>11</sup> Richard Freeman (Ed.) Working Under Different Rules. National Bureau of Economic Research.

benefits and protections, including a measure of job security, access to training and leaves and limits on long hours. Not only do unions raise relative wages and access to benefits but by raising wages of the low paid they also compress wage differential in the unionized sector. A Statistics Canada study (René Morissette “Why has Inequality in Weekly Earnings Increased in Canada? Analytical Studies Branch Research Paper #80) reports that in the 1980's there was a **decrease** in inequality of hourly earnings among both unionized men and women. Thus collective bargaining countered the economy wide trend to greater inequality and the growth of low wage work.

Right-wing economists argue that the labour market regulations that have maintained wages at the bottom and increased job security in Europe and even in Canada compared to the US have come at the price of higher unemployment — implying that the unpalatable choice is between more jobs and decent jobs. But this is a false choice, as even the OECD Jobs Study conceded. Most importantly, as the International Labour Organization, backed up by a wide range of recent research, has strongly argued, **there is little or no evidence that strong unions and good employment standards undermine job creation**. Many countries with high levels of collective bargaining coverage have comparable employment records, and many studies have shown that increases in the minimum wage do not destroy jobs.

According to the 1995 **World Employment Report** of the tripartite (business-labour-government) International Labour Organization, much of the blame for high unemployment in Europe — as in Canada — lies with very restrictive macro economic policies — high real interest rates, and cuts to public sector employment designed to reduce government deficits and debts. Low growth also helps explain the disproportionate growth of very low wage and insecure jobs in the US. It is wrong to view labour market regulation as the fundamental cause of the unemployment and “bad jobs” problem, and it is important to recognize that such regulation has important positive impacts for society in terms of greater equality and less poverty and greater economic efficiency.

The ILO’s Report takes strong issue with the view that “rigidities” have been an important source of the unemployment problem in Europe, and emphasizes the many negative features of “flexible” US style labour markets from the point of view of workers. Labour market policies and collective bargaining procedures that secure steady employment at decent wages in a relatively non-polarized labour market are seen as an important source of social well-being, rather than as a fundamental barrier to competitiveness in the global economy. The ILO draws on the detailed work of many leading labour market economists to rebut the case that minimum wages, good unemployment benefits, employment security provisions or high levels of unionization and centralized collective bargaining are major culprits for high and rising unemployment. And the ILO explicitly states that unemployment and US style employment in temporary, insecure, low pay jobs are different facets of the same problem, not alternatives.

The ILO summarizes its view as follows:

*"The foregoing review of evidence suggests that labour market rigidities have not been the underlying cause of past labour market performance. Labour market performance has deteriorated since the first oil price shock irrespective of differences in labour market regulation, suggesting that a more fundamental common factor (or factors) has been at work. International shifts in trade, employment and technology could be among these fundamental causes of deteriorating labour market performance. The manifestations of this deterioration have, however, differed, taking the form of rising inequality and falling wages in the less regulated US labour market and high unemployment in the more regulated European setting."* (P.20)

It is sometimes argued that better labour standards in Canada than in the US explain Canada's higher unemployment rate in the 1990's, but the rate of job creation in Canada was the same or higher than in the US until the late 1980's when the high interest rate policies of the Bank of Canada and sweeping government cuts pushed us into a deep and prolonged recession. The 5% US unemployment rate itself disguises very high rates of underemployment in very precarious, low wage jobs.

Two leading Canadian labour market economists, David Green and Craig Riddell, recently responded at length to the often heard argument that higher rates of unionization, somewhat higher minimum wages and a better EI system have cost us jobs compared to the US:

*"Canadian employment performance was similar to that of the US during the 1980's. Both countries ended the decade with a higher employment rate (the fraction of the working-age population who are employed) than at the beginning: 62.4 per cent in Canada and 63.0 per cent in the US in 1989.*

*Further, real income per capita, productivity and average real wages increased more in Canada than in the US in the 1980's. Average real wages (adjusted for the exchange rate) rose from below the U.S. level at the beginning of the 1980's to above the U.S. by the end of the decade. Real output per worker increased by 1.44 per cent a year in Canada but only by 1.19 per cent a year in US.*

*Canada's unemployment and employment performance has been worse than that in the US in the 1990's, but this difference appears to result from the more determined anti-inflationary stance of the Bank of Canada rather than from the impact of labour-market institutions such as UI. The effects of differences in labour-market institutions can be more easily assessed in the 1980's, a decade that was cyclically more similar in the two countries."* <sup>12</sup>

Certainly all advanced industrial countries face difficulties in responding to fierce international competition, and there are downward pressures on wages and working conditions. Maintaining high labour standards may be more difficult in today's "new global economy" and all advanced industrial countries face the central challenge of creating and maintaining good jobs when fierce international competition in combination with new technology, is fast wiping out jobs. New technologies clearly require major investments in training and labour adjustment to help workers adapt. But it is not true that anonymous "structural" forces make increased inequality, precarious work and low wage work inevitable.

Increased international trade, increased competition and sweeping technological change have tended to erode the bargaining power of all but the most highly skilled workers, creating a bias in the direction of more inequality and lower pay and more insecurity for the less highly skilled. But this impact has been greatly increased by the continuing high rates of unemployment and underemployment which governments have accepted and even promoted in order to maintain low inflation. And governments have promoted policies of deregulation and privatisation which have created much more competitive domestic markets which in turn have prompted employers to intensify and to casualise work.

**Increased inequality and insecurity are not so much the result of deep seated "structural" trends over which we have no control as the result of public policies that impact directly on the labour market and on workers.**

While broad issues of macro-economic policy, trade policy and the role of the public sector in a mixed economy cannot be addressed in detail, it has to be underlined that public policies lie behind rising unemployment, rising inequality and the deteriorating quality of jobs. Unless governments are prepared to commit themselves directly to policies that maintain and create good jobs, present trends will almost certainly continue and the impacts of globalization and technological change will be much more negative for workers. Since at least the early 1980's, the federal government and the Bank of Canada have based monetary and fiscal policy on the view that Canada has a "natural" or "non-accelerating inflation rate of unemployment" — recently estimated by the Department of Finance to be "at least" 8%. Committed to very low inflation targets, the Bank of Canada deliberately raised unemployment in the late 1980's, and the economy has subsequently operated well below capacity. The "natural rate" orthodoxy has also

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<sup>12</sup> Globe and Mail. February 20, 1997.

driven the federal government to attack so-called labour market “rigidities” such as the Employment Insurance system and minimum wages which keep wages “too high”. The recent cuts to EI have lowered the proportion of the jobless collecting benefits to less than 50%, about the same level as in the US. The current federal government has also massively cut program spending, in large part through cuts to transfers to the provinces, resulting in the loss of at least 100,000 direct public service jobs since 1993.

**Recent macro-economic policies have kept unemployment unnecessarily high. This has in turn meant that the broad “structural” forces of globalization and technological change have worked themselves out in a very high unemployment environment in which workers have been increasingly insecure because of cuts to income support and other programs.** One consequence has been that there has been very little pressure on employers to train and retrain workers displaced by structural change. And employers have had their bargaining power in the labour market greatly increased by high unemployment. Put bluntly, wages and benefits and working conditions will be eroded when workers are desperate for work and when skills are not in short supply. That has been the overall economic context of the 1990's in Canada — the decade of 9% plus unemployment.

Governments have failed to redress the balance of power in the labour market which has tilted in favour of employers as a result of changes in the structure of the economy, and as a result of high unemployment. In the US and the UK, public policy has been extremely hostile to unions and to the maintenance and enforcement of labour standards such as minimum wages and hours of work regulations. Here, the whole thrust of policy has been to establish a “deregulated”, “competitive” labour market. In much of Europe, by contrast, governments may have accepted and even promoted high unemployment, but there has been no frontal attack on unions or employment standards. Indeed, these are often seen as essential to “a European model of society”, one combining a productive economy with a commitment to social equality.

In Canada, policy has been more mixed, but few governments have actively committed themselves to strengthening unions, promoting the spread of collective bargaining, and enforcing better labour standards. As noted above, recent cuts to EI were explicitly based on the view that Canada needed more “competitive” labour markets. Both the federal and most provincial governments have been explicitly committed to international competitiveness as a key policy goal and, reflecting corporate concerns and interests, have viewed good labour and social standards primarily through this framework. Many provincial governments continue to be overtly hostile to unions as institutions and to high levels of employment standards. Recent legislative changes in Ontario, Alberta and Manitoba mark a profoundly disturbing rejection of the legitimacy of unions and employment standards as vehicles for social progress.

While the present federal government's amendments to Part I of the *Canada Labour Code* were broadly balanced, in its dealings with its own employees it has legislated rather than negotiated. A legislated wage freeze was extended twice and employment security removed unilaterally before the government resumed negotiations with unions representing its own employees in 1997.

## The Positive Role of Labour Standards in a “New Economy”

Today, many Canadian employers participate in highly competitive national and international markets, forcing them to produce quality goods and services at competitive prices — more for less. They are also introducing new technologies and new forms of work organization in order to raise productivity. Many employers argue that, in this context, policies that promote better wages, better working conditions and more job security will undermine competitiveness and jobs. While frequently heard, this argument is wrong.

First, in many sectors of the economy, including those sectors in which casualised and contingent work is most prevalent such as retail trade and the accommodation and restaurant industry, international competition is **not** the most important factor. “Globalization” most directly impacts the resource sector, manufacturing, and large scale transportation and communications where the norm is still full-time, full year employment for “core” workers (admittedly combined with lean production, contracting-out and out-sourcing.) Competition may be fierce among small firms providing services, but it is mainly among domestic firms. Policies that apply to all employers will leave them on the same competitive footing compared to each other. Raising the minimum wage in British Columbia, for example, does **not** place one Vancouver hotel or retail store at a competitive disadvantage compared to another.

Second, employer strategies to make work more contingent, insecure and casual are not consistent with attempts to promote higher productivity and higher quality production of goods and services. The *ILO 1995, World Employment Report*, cited above, argues that there are positive features associated with labour market regulation that speed positive adjustment to technological change and globalization. For example, employment security for workers promotes firm investment in training; income security for workers forces firms to compete more on the basis of innovation than on the basis of low labour costs; and high levels of cooperation between business and labour promote higher productivity and the successful implementation of new technology and new forms of work organization.

Recent research has drawn attention to the economic as well as social down-side of labour markets in which employers wield so much power that wages can be driven down to very low levels. In the US, it has been found — totally contrary to the neo-classical economists’ view of the world — that recent increases in minimum wages have had no negative, and indeed marginally positive, impacts on

employment. One reason is that higher wages reduce worker turnover in low wage industries, thus actually lowering employers' total wage cost. (Put another way, when they have too much power, employers may set wages below the "right" level even from the point of view of their own self-interest.) Another reason is that higher minimum wages in a context of excessive employer bargaining power in the labour market simply transfer income from excess profits to workers, and in the process raise total consumer spending in the economy, thus creating jobs.<sup>13</sup>

The superior wages and working conditions and greater employment security negotiated by unions tend to significantly reduce labour turnover in unionized workplaces, which is typically very low. Reduced labour turnover gives employers the considerable benefit of more experienced workers, and reduces training costs. Further, investment in worker training in unionized companies will yield higher returns than in non-union workplaces, because workers trained in non-union companies will try to move to higher paying, unionized jobs. Unionized companies also do more training because unions bargain for higher levels of training. Higher wages and benefits thus give unionized employers the benefit of more skilled and experienced workers, directly enhancing productivity and reducing production costs. These gains from unionization are greatest when employers need more highly skilled workers.

Right-wing economists hostile to the labour movement have, over the years, undertaken literally scores of highly technical studies designed to confirm their suspicion that, all things being equal, unions must lower productivity. After all, the argument goes, it is management rather than unions who are concerned with economic efficiency. Strong unions, must, by definition, result in lower efficiency by raising wages above "free market" levels, and by interfering with the organization of a technically efficient workplace. Sophisticated mathematical comparisons have been made between industries in strongly unionized and weakly unionized areas, and between unionized and non-unionized companies in the same sector. For a variety of technical reasons, the result of these studies have been mixed and open to dispute. But even these studies demonstrate, at an absolute minimum, that unions do not in and of themselves lower firm productivity, and that the effects of unionization on productivity are likely more positive than negative.<sup>14</sup>

There is a strong argument that unionization has at least equally positive effects on productivity in workplaces where employee involvement is a critical factor in the production process. The core of the argument is that unions promote the substantial productivity gains that can be derived from active worker involvement

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<sup>13</sup> See David Card and Alan Krueger. "Myth and Measurement: The New Economics of the Minimum Wage". Princeton University Press. 1995.

<sup>14</sup> This conclusion is reached by Dale Belman on the basis of an exhaustive survey of the available studies in "Unions, the Quality of Labor Relations and Firm Performance" in Lawrence Mishel and Paula B. Voos (Eds.) **Unions and Economic Competitiveness**. Other studies in this volume reach the same conclusion.

in, and commitment to, the success of the production process. Productivity and productivity growth is dependent upon the existence of a strong and independent “voice” for workers in the workplace. Production is always a social process and never just a technical process. The nature of the involvement of labour is that process is always a critical ingredient in the achievement of technical efficiency.

The role of unions in providing a collective “voice” for workers is an important part of a democratic society. As Richard Freeman has said:

*“.... labor market institutions bring benefits beyond lower inequality — the voice benefits of democracy in workplaces — that must be factored into any overall assessment of those institutions. A society in which bosses boss and workers obey — where workers have no independent say in the decisions that affect their working lives (If you don’t like the way the company does it, leave”) — is likely to miss out in efficiency as well as in fairness and decent treatment of all.”*

Negotiated agreement with a union over workplace changes and the modification of management proposals in response to worker input will tend to promote worker acceptance of change and cooperation. This is clearly important given the extent of change which is taking place at most workplaces in terms of the introduction of new technologies and new ways to organize work.

The mainstream industrial relations literature shows that unionization is positively associated with high productivity based upon new technologies and new methods of work organization. These positive outcomes arise from unions pursuing an independent agenda on behalf of workers, rather than from empty business invocations of their desire for a partnership with workers without independent, collective representation. Positive outcomes depend not upon consensus between business and labour, but upon the accommodation of distinct business and labour interest through bargaining.

Moreover, low wage/high insecurity employer strategies add up to an economy in which working people have little income to spend, and are afraid to spend it. If higher productivity does not flow through into higher wages and higher living standards, then a key transmission belt, connecting new technology and new forms of work organization to more and better jobs will be broken.

**A growing body of evidence shows that the growth of low wage and insecure work has huge social and economic costs. Far from being a necessary part of a “knowledge based, globalized economy”, a precarious labour market blocks the potential for higher productivity and higher growth that comes from new technology and better forms of work organization. Precarious work and lean production are also greatly undermining the quality of working life. Thus it is important that governments promote high labour standards through collective bargaining and legislative standards.**

## The Future of Unions and Collective Bargaining

Forms of union organization and collective representation of workers have changed in the past in response to changes in the organization of production, and as the result of new social movements. Most strikingly, the rise of industrial unionism in North America in the 1930's and 1940's largely displaced earlier forms of craft-based unionism, in the process greatly increasing the proportion of the work force covered by collective bargaining arrangements and enjoying access to union negotiated rights and protections. The growth of unions continued with the spread of collective bargaining to fast growing public and social services, notably in the 1960's and 1970's. Not coincidentally, high levels of unionization were a key institutional feature of the 35 years of rapid growth in living standards and falling inequality that followed the War.

While new forms of organization were developed by unions and workers themselves to respond to changed realities, public policy helped cement and give legal force to these new arrangements. Labour law reforms during and immediately after the World War II were based on the view that union representation and collective bargaining are important institutions that promote democratic participation in the workplace, offset imbalances of power between employers and workers in the labour market, and promote wider social and economic goals such as growth and greater equality in the distribution of income. Legislative reforms helped promote and support both industrial unionism in the 1940's and 1950's, and public sector unionization in the 1960's and 1970's.

**A crucial issue facing unions and society is whether the current dominant model of union organization, representation and bargaining must evolve or even change dramatically in response to changes in the organization of production and work.** As it has developed, this model involves certification of bargaining units at the level of a single employer and single site (sometimes creating multiple bargaining units with the same employer) and decentralised collective bargaining. Multi-employer bargaining does take place both formally and informally (through pattern bargaining) but is now very much the exception rather than the rule. The common reality is highly decentralised representation and bargaining on a workplace basis.

Collective bargaining arrangements are well established in the resource and manufacturing industries, in construction, transportation, communications and utilities sectors. (In 1992, the unionization rate in the goods sector — primary industries, manufacturing and construction — was 37.6% and in transportation and communications it was 50.6%).<sup>15</sup> The core base of unions in these predominantly private sector industries is male blue collar workers, particularly in capital intensive larger companies. In recent years, there has been some slippage

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<sup>15</sup> See Diane Galernean "Unionized Workers" Statistics Canada. Perspectives. Spring, 1996

in the unionisation rate in industry (partly reflecting the shift to smaller scale operations) as well as in construction, and the share of all jobs in industry has been falling.

The effect of these changes on the overall unionization rate has, until quite recently, been offset by high and rising unionization in fast growing public services, including health, education and social services. Union coverage is highest, at almost 60% overall, in public services, where two out of three workers are women.

The overall unionisation rate in Canada has remained steady at about one third of the paid work force, contrasting with union decline in most other advanced industrial countries. In the private sector, 28% of men's jobs are unionized, reflecting continuing high levels of blue collar organization, but only 12% of women's jobs in the private sector are unionized.

The unionisation rate has historically been and remains very low — less than 10% — throughout the private services sector (excluding utilities) — that is, in retail trade, accommodation and food services, financial services, and business and personal services. These are precisely the sectors where most women in the private sector work and where precarious and contingent and part-time work are most prevalent. Men continue to predominate in the good, professional and managerial jobs in the highly polarized private sector. Employment in much of the private services sector is in smaller enterprises, and the shift to smaller scale operations is ongoing. However, banks, insurance companies and large retail chains are obviously important exceptions.

**Put simply, a key challenge facing the labour movement and all Canadians, is finding ways to maintain access to collective bargaining and the rights and protections it affords when employment is shifting from larger, capital intensive and industrial firms and from public services, to smaller employers and to self-employment.** If this challenge is not met, precarious and contingent workers — particularly women workers and visible minority workers — will be excluded from the advantages of collective bargaining described above, and overall levels of low pay, insecurity and social inequality will sharply increase.

The obstacles to union organizing and representation in the private services sector where job growth is overwhelmingly taking place are not insuperable. Coverage is significant in some parts of retail trade, such as grocery stores and large retail chains, and in the hotel industry. There have been successful, recent organizing drives among groups of workers such as taxi drivers and security guards. In recent years, most new union certifications have been of very small bargaining units — typically around 40 to 50 workers — and these have often been in private services. (For example, in British Columbia, in 1994, the average size of new certified bargaining units was 24 workers, and half of the new units had 10 or fewer workers). The overall low unionization rate in private services has been increasing

very modestly through a great deal of successful, ongoing organizing effort in highly unstable sectors, with a high turnover of both firms and certified bargaining units.

Canadian unions have devoted more resources to new organizing than have US unions until very recently, recognizing that the gains of collective bargaining are inherently precarious unless they are widely shared. Unions once solidly based in large, male dominated industrial workplaces have organized energetically in the private service sector and in smaller workplaces and have changed in the process. Women and visible minority workers have increasingly moved into the active membership of these unions, as they have in unions that have organized small workplaces in the social services sector. Organizing new groups of workers has resulted in not only higher wages and better benefits, but also access to rights such as basic employment standards and pay and employment equity, training opportunities, limits on very variable hours and access to benefit and career ladders for part-time workers, and access to training opportunities. While unions are far from perfect institutions, Canadian unions have devoted considerable effort and resources to representing unorganized workers.

Where and when labour legislation has facilitated these organizing efforts by unions, or at least removed some of the most serious obstacles, the level of new organizing has been just about sufficient to maintain the private sector unionization rate. This was true of Ontario, for example, after the passage of amendments by the New Democratic Party government to the Labour Code. **Very moderately progressive labour laws that level the playing field for unions in terms of initial organization of bargaining units and bargaining of first contracts make an important difference, and facilitative labour legislation is critical in countering the growth of precarious and contingent work and of inequality among workers.**

Part of the explanation for the stable unionization rate in Canada, in contrast to the plunging rate in the US, lies in differences in labour law. In particular, provisions for quick certifications, arbitrated first settlements and restrictions on the use of “replacement workers” make it easier to establish a stable collective bargaining relationship after a majority of workers have expressed support for union representation. Labour law provisions regarding successor rights are also crucial protecting collective agreements when work is restructured.

But the basic fact remains that union representation is very low in the fastest growing sectors of the labour market for **structural** reasons. This poses a fundamental challenge to the future of unions as key vehicles of collective representation and protection.

The general failure to broadly extend collective bargaining and union representation broadly throughout the private services sector — and to maintain the unionisation rate in the industrial sector and public services despite the shift to smaller workplaces — is not explained by lack of worker interest in unions or by

an absence of union efforts to reach out. Very significant proportions of unorganised workers would like to join unions and thereby improve wages and benefits and access to rights and to training.

The fundamental problem is that, as a practical matter, it is very difficult in practice to establish collective bargaining in sectors that are dominated by small firms and that are both labour intensive and highly competitive — that is, in precisely those sectors where work is most contingent and precarious. In these sectors, worker turnover is very high, the hours of work are extremely variable, and there is close supervision of workers by owners and managers. All of this makes it difficult to develop a “community of interest” among workers.

For the vast majority of small enterprise employers, unionization is highly unwelcome, to say the least, and is strongly resisted. Unionization is resisted because it limits the power of employers in the workplace in key areas such as discipline, hiring and layoffs, scheduling of work and the content of jobs. Most importantly, unionization threatens to raise wages and benefits in highly competitive, labour intensive sectors, posing the issue of survival of the enterprise in the short-term. While many larger employers have established stable bargaining relationships and accept the legitimacy of the process — and even cite some benefits — the structural situation is different in the very competitive parts of the private services sector.

Employers have significant resources at their disposal to resist unionisation. Almost by definition, short-term and contract workers can be easily dismissed and the hours of part-timers can be changed. Workers in precarious jobs fear employer reprisal or workplace closure if they join a union. And work can be readily structured and restructured by an employer through the use of franchisees, contractors and subcontractors in order to disguise the real nature of the employment relationship that exists between an enterprise and workers who are economically dependent upon that enterprise. Employers who have structured work so as to avoid employment standards and payroll taxes also make it very difficult for a bargaining unit to be established.

From the point of view of unions themselves, it is extremely difficult to organize and to represent small bargaining units, even when the workers concerned want to organize. Half of all workplaces in Canada today have fewer than 50 employees, but, given overburdened staff and resources, many unions find it very difficult to take on small bargaining units because of the costs of bargaining contracts and other basic representational functions. It is not uncommon for workers in small workplaces who desire trade union representation to be frustrated by the inability of trade unions to take on the responsibility of representation in small workplaces. Many very small bargaining units are, in fact, certified and some of these practical difficulties can be addressed by shifting responsibilities from union staff to locals. But the fact remains that organizing and bargaining, small unit by small unit, is inherently difficult.

The highly competitive reality of the small business, private service sector also means that it is very difficult for unions, even if they have surmounted all of the obstacles to organization, to make significant gains for members. Wages and benefits and hours are an important part of the competitive equation **unless** they can be generalised across employers. This is particularly true for contract services awarded on the basis of competitive tendering. A single fast food outlet or retail store will also be reluctant to raise wages above the minimum wage level unless competitors do likewise. Yet this can be done only over time, and through the spread of collective bargaining. The reality is that isolated bargaining units are both difficult to organize and difficult to maintain, not just because of employer hostility, but also because of the underlying economics of the situation.

Furthermore, the fact that bargaining units are small and isolated means that a newly certified union has little bargaining power. A large fast food chain or a bank will not concede much in the way of gains to a newly certified union in a single outlet or branch for fear of encouraging the spread of unions throughout the chain, even if the profitability of the single unit were not adversely affected.

**A fundamental solution to this set of structural problems in the small firm, private services sector is to facilitate union organization and collective bargaining at a broader level than that of the individual firm and workplace.** That broader level can be defined both sectorally and geographically — eg. all fast food restaurants in Windsor, or all janitorial services in downtown Winnipeg, or all security guard services in Ottawa. The nature of the broader level will vary according to circumstances, depending upon the nature of the industry.

The Justice for Janitors campaigns of the Service Employees International Union in some US cities have shown that it is possible to organize, represent and make gains on behalf of low paid cleaning workers in a highly competitive, labour intensive industry by negotiating with building owners to respect minimum pay and other standards across a local labour market. The key to success has been to “take wages out of competition”. This was done through broad, city wide, “social movement” organizing, and by putting public pressure on building owners — the real organizers of the work of contractors — to recognize the union. The union avoided the normal route of certification and collective bargaining with individual building cleaning contractors since it was recognized that organizing and certifying one contractor would not work since any gains made at that level would be unsustainable. The answer lay in organizing all of the geographically defined sector in a single campaign.

While the Justice for Janitors campaigns and organization of groups such as security guards in Quebec have shown that it is possible to organize and make gains for low wage service workers across a geographically defined sector, it is extremely difficult to do so because there is usually no compulsion on employers to bargain as a group. In Canada, multi employer or sectoral bargaining almost always requires the consent of both the employers and the unions involved (though there are important exceptions such as the institutional construction industry where multi employer bargaining has sometimes been legislatively mandated).

Proposals have been made to encourage, through facilitative labour legislation, the growth of the broader based bargaining model in the small employer, private services sector where unions have been historically under-represented. One proposal made by Baigent and Ready to the BC government in 1992 was to require (rather than simply allow) employers to bargain as a group once a certain level of union representation had been reached in a sectoral/geographically defined unit. Such a unit would consist of all employers in a certain industry within a local labour market, as defined by the Labour Board. Under this model, in the fast food industry in Windsor, for example, once two or three bargaining units had been certified and contracts negotiated, any new certification would be followed by the application of the collective agreement already negotiated. Employers bound by the same agreement would be required to ultimately bargain as a group.

Such a mechanism would make it easier to extend collective bargaining in traditionally unorganized sectors and to take the gains of unionization out of the competitive equation. It makes organization of small workplaces a more viable proposition for unions.

Such proposal raises major questions regarding how unions would co-operate and relate to each other, if more than one union represented workers in a particular sector. The labour movement itself has not, to date, achieved a consensus on a set of concrete proposals, though there is increasing recognition that change in this direction must be actively considered.

Short of a major change, legislation could facilitate broader based bargaining to cover closely related units that could readily be covered by the same contract. For example, it should not be necessary for an individual union to bargain a separate contract for every unit of a single large employer (such as a bank branch) or every franchised unit of a large operation (such as a corporate fast food chain). Broader based bargaining could be mandated for large companies operating directly or through franchises in traditionally under-represented sectors. Labour Codes could also allow for collective agreements in the same sector to be consolidated if a union made an application. For example, if a union represented workers in several Vancouver hotels, it could apply for the agreements to be consolidated and for the employers to be required to bargain jointly. The next stage would be to allow different unions in a sector to voluntarily form a Council of Unions to bring about still broader based bargaining in a sector.

A different solution to the same underlying problem has been the juridical extension model of many European countries and Quebec. In this model, once a certain threshold of unionisation and collective bargaining coverage has been passed in a sector and/or geographical area, some of the key provisions of the agreement such as those relating to wages and hours are extended by law to non union employers. This effectively again takes wages out of competition and facilitates the spread of unionisation by lowering the incentive for non union employers to resist union representation. There is some evidence from Quebec that the decree system has helped to raise the unionisation rate in typically low unionization sectors and has raised wages and working conditions for some groups of low-paid workers.

This chapter makes no detailed recommendations for labour law changes, but urges that broader based bargaining should be actively considered by unions, employers and governments as a means of extending the benefits of collective bargaining to historically unrepresented workers who are increasingly excluded for structural reasons. The decision of workers to join a union and to establish a bargaining relationship should continue to be made by workers at the workplace level, but bargaining over basic economic issues in some sectors at least should be at a broader, multi-employer level. This would still allow for union representation at the individual workplace on other issues. Both democratic choice to join a union and to have representation at the individual workplace are important principles. It should be stressed that the basic model of multi-employer bargaining is not new and has existed and continues to exist in some large industrial sectors as well as in construction and in the cultural sector. What is being suggested is that the effective employer veto on broader bargaining should be subject to removal.

The sectoral/geographical model of union representation and bargaining is also relevant to today's changing labour market in that it potentially allows for and encourages the development of multi employer pension and benefits plans. It creates the larger units that make such plans possible, and also reflects the fact that many workers do move frequently between jobs, but in the same sector and area.

The model might also facilitate joint union/multi employer training programs, and labour exchanges that would help employers recruit trained workers. All of these institutions have been developed in the construction sector where multi employer bargaining has provided stability of wages and benefits and promoted training in a context where workers move frequently between jobs and between different employers. Construction trade unions are typically closely involved in training, and many run hiring halls that are called on by employers. Many run multi employer pension and benefit plans.

Broader based relations between unions and employers geographical and sectoral basis could be a very important way to extend access to training and career paths to precarious workers. As noted above, sector councils have made an important contribution to increasing training efforts, but they exist predominantly in organized sectors where larger firms predominate. In public services, joint sectoral institutions have also emerged to deal with adjustment and training issues. The BC health care agreement is one successful example.

The broader basis for union representation and bargaining might also be occupational rather than sectoral, as with the construction trades unions and some craft based unions in media and the arts. Some workers with new skills, including those in high demand in high tech industries, remain in the same occupation while moving frequently from job to job and from employer to employer. Unions can not only offer skills development and labour exchange services and portable benefits, but can also set wages and other standards for the occupation. This could mean either negotiating the wage for a job requiring a particular set of skills, as

with the construction unions, or setting a minimum wage, as is negotiated by the Association of Canadian Television and Radio Artists (ACTRA) for actors who move frequently from job to job. Again, successful occupational unionism requires multi employer bargaining.

With respect to labour law issues, reform is needed in the area of continuity of bargaining rights and collective agreements. Contracting and sub-contracting can result in workers being deprived of the protections of a collective agreement if there are not explicit protections. Continuity should apply when work is contracted out in the first place, as well as when a contract is shifted from one contractor to another.

Labour laws should also be amended to make it clear that economically dependent off-site workers such as home workers and teleworkers have access to collective bargaining rights. Employers should be required to provide unions access to such workers so that they can be included in organizing efforts, or given access to the protections of existing collective agreements. Proposed amendments to the *Canada Labour Code* are a welcome initiative in this area and should be followed by the provinces.

**The shift of employment to small workplaces and to self-employment in predominantly non union, very competitive sectors has been strongly associated with the rise of precarious, low paid jobs and thus with increased inequality. In many cases, these forms of employment fall under the control of large corporations, as in franchise operations. Extending unionization to these sectors through facilitative labour legislation — including through the promotion of broader based bargaining — offers the promise of higher pay and greater security.** This need not be at the price of competitiveness for individual employers provided the improvements achieved through collective bargaining are generalised, which is precisely what is accomplished through broader based bargaining. Broadly based unions can also provide the basis for benefits, training plans and labour exchange services which would do much to improve the quality of jobs, while also meeting the needs of employers.

Raising wages and the level of skills is likely to result in higher productivity across a sector or occupation without placing individual employers at a competitive disadvantage. As noted above, most studies find a close relationship between high levels of unionization and high levels of productivity. Further, it must be underlined that collective bargaining is a highly flexible instrument that is sensitive to market realities. Collective agreements by definition involve an accommodation of interests and a commitment to cooperation. Promoting the process of collective bargaining simply ensures that decision-making must take into account the needs of both workers and employers.

## Legislated Employment Standards in a “New Economy”

Employment standards have been justly described by Osgoode Hall law professor Judy Fudge as “labour law’s little sister” — unjustly neglected by policy makers. She and many community and labour activists have argued that legislated standards must move from the margins and be given much higher priority given the massive growth of precarious and casual jobs, and structural obstacles to the extension of collective bargaining coverage in small firms. Fudge and others have also argued that existing employment standards are hinged on the concept of standard work — full-time work on a continuing basis, for a single employer on the employers’ premises — and must be reformulated to cover precarious and contingent forms of employment. The women’s movement has showed continuing interest in the role of employment standards, and demands for higher standards were prominently raised by the recent CLC / NAC Women’s March Against Poverty.

As Judy Fudge argues:

*New forms of regulation which accommodate employer’s desires for flexibility and employees need for income and economic security within a public policy commitment to equality need to be devised. The basic principle of any regulation of nonstandard employment should be to minimize the growing inequality between those workers fortunate enough to enjoy a standard employment relationship and those in the insecure peripheral labour market. By devising regulation aimed at minimizing the gap in income and security between standard and nonstandard forms of employment the goal is to allow employers to deploy labour productivity without simply shifting the costs of inequality and insecurity onto workers or the social welfare system. The basic principle is to provide parity of treatment for nonstandard workers with those in standard forms of employment by raising the bottom up.*

Activists in community legal aid centres, unions, anti poverty and women’s organisations have stressed the importance of basic standards as a floor that should protect all workers, particularly those in precarious work. It is the responsibility of governments to ensure that workers with no collective representation and little power in the labour market have access to some fundamental rights and standards. Governments have reflected on how revised and revitalized employment standards should be implemented alongside progressive changes to labour laws. As they argue, it is false to see collective bargaining and basic standards as alternatives, and especially false to see good standards as a barrier to unionisation. Rather, basic standards can set an important floor under collective agreement provisions, and can facilitate the spread of collective bargaining by making it much more difficult for employers to undercut the higher wages, benefits and working standards typically negotiated in the organized sector. Furthermore, there is enormous potential for unions to organize and to respond to the needs of precarious workers by providing a major point of organized access to standards.

Many unions have lodged “third party” complaints on violations of standards where this is allowed by law and better access to legislated rights and standards — including pay and employment equity — is a major reason why workers join unions.

Employment standards remain important in Canada today, but the floor set by such standards has generally been falling despite the fact that the need for basic standards is greater than ever. Moreover, even those standards that exist today are widely violated.

Participants at the consultation forum on employment standards organized as part of the Collective Reflection process pointed to many examples of flagrant abuse by both small and large employers, particularly in the retail trade sector. One large retail clothing chain “paid” young people hired over Christmas in clothing coupons alone, and another has required workers to purchase clothing if they do not meet sales quotas. In Toronto, there is a provincial employment standards officer who is **permanently** assigned to deal with complaints from employees at a **single** large, downtown department store. A manufacturing company routinely refuses to rehire women returning from maternity leave. It is no longer uncommon for many cokers to be hired and paid “off the books”.

In today’s economy, many, many workers in small and even large firms are not paid minimum wage, are not covered even for Employment Insurance and Canada Pension Plan benefits, work very long or very short hours at the sole discretion of the employer, and are fired at will. The employment conditions of the Victorian Age are returning, and not just at the margins of the economy.

The legislated minimum wage in most jurisdictions has fallen in value in real terms and relative to average wages over at least the past 15 years. While there have been significant recent increases in some provinces, the highest minimum wage in Canada today — \$7 per hour in BC — is less than half the average industrial wage and would leave a single person working full-time for a full-year \$2,000 below the poverty line in a major urban centre. Minimum wages in some other provinces are well below \$6 per hour.

Employers strongly resist increases in the minimum wage, even though recent US studies have shown that the impact on jobs of increases from current low minimum wage levels is minimal or even positive. As noted above, increases in minimum wages can lower turnover and increase productivity, offsetting the cost impact on employers. Moreover, in a context of very high unemployment where employers have a great deal of power in the labour market, increasing minimum wages may simply shift income from excess profits to workers, resulting in no loss of jobs and an increase in worker purchasing power. (In economists’ jargon, there will be no impact on jobs from a wage increase if employer power in the labour market is keeping the wage below the level justified by the productivity of minimum wage workers.) Finally, even if there were to be a loss of total hours worked from increases in minimum wages, most low wage workers would still be better off. Even studies that have criticized minimum wage increases have found that the impact on hours worked is small.

**A significant increase in minimum wages and regular increases to maintain such wages at a reasonable level compared to average earnings would raise living standards for many low wage workers, particularly low wage women workers and young people.** This would reduce poverty and counter the alleged “work disincentives” of income support programs in a positive way. A higher floor rate of pay would also have positive impacts on wages above the minimum wage level itself. Such increases would limit cut-throat competition in low wage, labour intensive sectors without major impacts on international competitiveness, since wage levels in sectors highly exposed to international competition are usually well above minimum levels.

As with minimum wages, employment standards governing hours of work have been generally set at very low levels and have failed to keep pace with developments in the wider labour market. While standard hours of work — the hours worked before an overtime premium is paid — have continued to fall for full-time unionized workers to significantly below 40 hours, the standard work week remains stuck at 44 hours in Ontario and Quebec. On this score, no progress has been made for 50 years. Statutory holiday and annual paid vacation entitlements set by employment standards are typically very modest — two or at most three weeks per year — after a qualifying period of continuing employment.

Employment standards do set some restrictions on very long hours, on a daily and weekly basis, and these are important as a limit on long hours even for unionized workers. But the legislated long hours limits are subject to many exemptions, including the award of special permits to employers and provisions for the averaging of weekly hours over extended periods. The permit system for long hours in Ontario has been found to be almost entirely ignored by employers, though it does give unions that oppose long hours a lever with which to negotiate limits. Even the limited standards now in place have come under strong attack. In Ontario, the government is actively considering a proposal to limit maximum hours protection to 200 hours over four weeks. Such a change would make possible extremely long work weeks and allow for work scheduling virtually at the sole discretion of the employer.

Employment standards should be changed to reduce the standard work week to no more than 40 hours, (as recently agreed to by both unions and employers in Quebec) and to require employers to maintain a log of hours worked (not least in order to limit very long hours for salaried workers). Overtime should be made voluntary and workers should be entitled to receive overtime compensation in the form of time off. As recommended by the Advisory Group on Work Time and the Distribution of Work, overtime in excess of 100 hours per year should be compensated for through time off. Annual vacation entitlements should be increased to at least four weeks. Such hours standards would limit the growth of very long hours among some groups of workers, counter the intensification of work for “core” workers, and result in some redistribution of hours to the unemployed and the under employed. The Advisory Group recommendations, reflecting a wide consensus, must be implemented.

Employment standards also have an important role to play in limiting the growth of work that is highly contingent in terms of access to hours. As has been recommended on numerous occasions, employer incentives to convert full-time jobs to part-time jobs should be offset by requiring part-time workers to be paid equal wages to comparable full-time workers, (as in Quebec, which requires equal wages up to twice the minimum wage) and that they be given pro-rated benefits or equivalent cash compensation. These changes would give workers more flexibility to move from full-time to part-time jobs while also protecting part-timers. Saskatchewan recently introduced pro-rated benefits for part-timers. In practice, cash benefits in lieu should be offered as an alternative since many low wage workers are unable to benefit from benefits packages that have to be cost shared with the employer. Threshold firm size limits for providing these protections should be avoided since they create a strong incentive for firms to subcontract work.

Work schedules should be made available to workers well in advance and workers should be entitled to a reasonable minimum number of hours of work per shift. Such measures are needed to halt the return of pure "on call" work contracts which require workers to remain permanently available for work, but which often provide very few hours. As recently contemplated in Saskatchewan, part-time workers should be given the right of access to available additional hours of work before new part-time workers are hired. This would allow part-timers to move into full-time jobs over time and prevent employers from creating large pools of workers who are competing for available hours of work.

Employment standards should also be improved to provide much longer periods of notice to workers before a layoff (two weeks is the current low norm), to increase severance pay, and, building on the law in some provinces, to require the establishment of joint adjustment committees in cases of major layoffs. Serious consideration should be given to long standing proposals to require employers to justify layoffs and to consider alternatives. Workers should have the right to advance notice of technological and organizational change.

Finally, employment standards should be raised and extended to give workers themselves more flexibility in terms of time spent at work. Clearly, workers need some ability to vary hours in order to balance work and family responsibilities, to recover from illness, and to access education and training. Yet only two provinces give workers a right to take time off for child care and other family emergencies, leaving many precarious workers, particularly women, vulnerable to job loss when such emergencies arise. Despite all the rhetoric about the need for lifelong learning in a changing economy, no province gives workers the right to leave and then return to a job in order to undertake education or training. The idea of entrenching a basic right to training in employment standards — such as a standard of five days per year worked — has barely been debated despite all the talk of the need for "lifelong learning". Sick leave entitlements are low or non-existent, meaning that many workers lose their jobs through temporary ill health. Most provinces and the federal government require employers to grant maternity and parental leaves, but the periods of leave often fall short even of entitlements to income support under Employment Insurance. Quebec has by far the highest

standards in this key area and these should be at least matched by other jurisdictions. Quebec also provides for some time off to meet family responsibilities.

**While the employment standards that exist on paper could and should be improved along these lines, it must be emphasised that there are huge obstacles to making standards effective and that these also have to be addressed as a major priority.**

Most provinces do not even take elementary steps to require employers to post standards in workplaces or to inform workers of their rights when they are hired. Staff resources are few and stretched to the limit. In recent years investigation of complaints in Ontario have taken up to two years to complete. Very few provinces undertake any active auditing and enforcement of standards, but confine themselves to the investigation of individual complaints. It is almost self-evidently that this is a poor way of protecting precarious and contingent workers who fear, with legitimate reason, that they will be dismissed or that their hours will be cut if they make complaints. Very few complaints ever result in any significant financial let alone penal sanctions against employers. This means that very few complaints are made before a worker loses her or his job (the great majority of complaints filed in all provinces are for severance and vacation pay entitlements following dismissal). Consuelo Rubio and others familiar with the system told the consultation forum that in years of bringing complaints, they have rarely seen fines imposed or broad investigative powers used. The authorities rely heavily on a consultative approach which simply does not work with consistently abusive employers.

Today's weak federal and provincial employment standards in most provinces and at the federal level today are often little more than a dead letter in terms of providing real protection for workers. Community legal aid workers and unions report that many employers routinely avoid standards, and that such evasion is growing. A large part of the answer lies in a real commitment to active enforcement, as in the US where the Labor Department recently launched a widely publicised crackdown on sweatshops in order to send a clear message to all employers that violations and gross exploitation would not be tolerated. Also in the US, Department of Labor inspectors are empowered to seize goods produced by employers who violate standards. This power has been used effectively to fight sweatshop conditions in the garment industry. Inspection and enforcement staff need to be increased, and support should be given to community agencies and to unions empowered to file complaints on behalf of workers.

Employment Standards Acts should facilitate third party complaints, and governments should help community legal clinics and other bodies bring complaints and look to them for information on abuses. Employment standards legislation also needs to be amended to clearly define the nature of the employment relationship. Acts need to make it crystal clear that "dependent contractors" — individuals working on contract but economically dependent on an employer — are employees. The Acts must also clearly include economically dependent home workers and teleworkers.

The responsibility of the real employer of contract workers has to be defined and established. **Firms that employ contractors and subcontractors must be made jointly liable with the contractor for the observation of standards.** This requirement would make the real organizers of the work take responsibility for conditions of work and would limit the abuses that flow from awarding contracts solely on the basis of low bids. The conditions of work also have to be maintained when work is shifted between contractors. In short, employment standards legislation has to be rethought in line with the rapidly changing and fluid boundaries of business organization in order to protect workers.

There is a compelling need to develop and enforce standards that apply to home workers and teleworkers. Here there is a critical need for a registration system that would allow for inspections to ensure that standards are observed, and could also facilitate collective organization and representation of home-based workers.

The June 1995 Annual Conference of the International Labour Organization (ILO) adopted a series of wide-ranging recommendations from a tripartite (government, business, labour) committee on the issue of home work, both industrial and teleworking, which included the following requirements:

- adoption of standards on home work
- standards to be implemented in the form of a convention supplemented by a recommendation
- definition of a home worker
- the government to develop national policy aimed at improving the situation of home workers
- laws and regulations prohibiting certain types of work and the use of certain substances in home work
- a system of inspection and adequate remedies, including penalties for violation of laws and regulations
- keeping detailed data for publication
- employers to inform home workers in writing of their specific conditions of employment and changes when they occur
- employers to notify competent authority when they give out work for the first time, directly or through an intermediary, to home workers
- employers to keep record of work allocated to home workers indicating time allocated, rate of remuneration, costs incurred, deductions, gross remuneration due, and net paid with date of payment and a copy of record to the home worker
- inspectors to be allowed to enter parts of the home where the work is carried out in the case of violations, appropriate measures, including prohibition of giving out home work
- minimum wage
- rights to organize and to bargain collectively
- remuneration
- occupational health and safety benefits

- hours of work, rest periods
- social security, and maternity protection
- protection in case of termination of employment
- resolutions
- programs to assist home workers

The federal government should ensure that these minimum standards are adopted across the country.

The legislative responsibility for employment standards is divided between the federal government and the provinces, and there is wide variation around a broadly common set of basic provisions. Coordinated progressive reform would clearly be preferable in order to stop any one jurisdiction from seeking to attract businesses and investment through low standards. The case for minimum national standards and a minimum set of rights for workers should be part of the ongoing discussions on the “social union”. If we can have an Internal Trade Agreement which seeks to prevent provinces from competing with one another through cash “subsidies”, it is inconsistent to allow “social dumping” through weak labour standards.

The proposed changes briefly summarized above really only amount to a minimum agenda, improvements to and enforcement of standards in place. They would make a great deal of difference to part-time workers and dependent contractors. But, as Judy Fudge argues, the fact that standards are premised on an employment relationship, and are often explicitly based on employment of a certain duration, means that the self-employed and those frequently moving from one contract to another are excluded. She has raised the interesting possibility of basing access to benefits and standards on a history of employment within a sector. For example, one can imagine a system of employer contributions to benefit plans or training funds for self-employed workers who move between contracts within a particular sector such as freelance writing or software development or home based garment work.

There is scope for unions and other organizations to bring together such groups of self-employed and contract workers for a variety of purposes, ranging from raising pressures for legislative action, to the development of benefit and training plans. Home based garment workers have formed an association to press for enforcement of existing standards, and improved standards, with some success. Thought has been given to persuading contractors to agree to better conditions which would be certified by the association. “Clean clothes” could then be promoted to consumers by the association as a responsible choice. Ultimately, the association could collectively bargain with contractors for better wages, benefits and standards.

There has been some limited experimentation with worker owned temporary help agencies, set up to provide a non-exploitative referral service as well as to provide some benefits and access to training. In practice, sustained improvement of

conditions of short term contract and self-employed workers is likely to involve some combination of legislated standards and such new forms of collective organization.

## Conclusions

This report has attempted to fairly describe and analyze “the changing workplace” from the perspective of working people and unions. While the lived experience of “new realities” has often been negative, this reflects less the impact of new technology or the anonymous forces of “globalization” than the overall context of high unemployment and the shift in power in the labour market and in the workplace to employers.

Economic and technological change could produce an era of sustained prosperity if that overall context were different. New technology and the most highly educated work force we have had in our history should result in higher productivity and higher wages and living standards rather than an explosion of insecure and precarious work.

This report has stressed the central importance of collective bargaining and employment standards in providing both basic security and access to fundamental rights for working people. Both are powerful and important forces for equality and social well-being. The “free market” economy must be regulated and controlled to meet human and social goals and this fundamental reality has not changed even as the market economy has been transformed.

This report has also argued at some length that collective bargaining and employment standards play a positive economic role, and that we do not face a choice between high unemployment and precarious employment. As a society, we should be trying to create more and better jobs — jobs that provide decent wages, some security for workers, and access to better opportunities particularly for women and the other equality seeking groups who have been increasingly marginalized in recent years.

These themes may strike some as “old fashioned”. Certainly business and many so-called experts proclaim that unions and government regulation are passé. But the future to which this thinking would bring us is a future that would closely resemble the discredited past. Leaving it all to the market was the ethos of the Victorian age, and the excesses to which it led resulted in a broad social consensus that the market had to be placed in a social context if it was to serve human needs.

That said, there is clearly a compelling need to think creatively about how collective bargaining and employment standards relate to the changing world of work. This chapter has argued that collective representation of workers has to be promoted not just through a new commitment to organize the unorganized, but also through movement in the direction of broader based multi-employer bargaining in traditionally unorganized sectors. Some reference has been made to possible new forms of collective representation.

Concrete suggestions have been made for changes to labour laws and employment standards to more fully take into account the growth of new forms of work, and numerous specific proposals have been made regarding the strengthening of current standards. The appendix 1 shows the priority employment standards items identified by labour and community activists in Ontario.

This report has not addressed in any detail the need for an overall job creation strategy, though this is crucial to the creation of good jobs. Such a strategy has been set out in some detail in Canadian Labour Congress policy papers and in the Alternative Federal Budget of the Canadian Center for Policy Alternatives. A national training strategy is also a crucially important part of a strategy for good jobs. The labour movement continues to advance its ideas through the bipartite Canadian Labour Force Development Board and through other forums. The recommendations of the Federal Advisory Group On Reduction and Redistribution of Work Time and the recommendations of J.C. Parrot in his minority report to the Information Highway Advisory Committee must be implemented by government.

It is urged that this report of the Advisory Committee be the basis for a continuing discussion among Canadians on the future of work, as promised by Minister Gagliano. The labour community welcomes a continuing, constructive debate with employers and governments on how to deal with “new realities” in the workplace and the labour market as a whole. Within this process, there is a need for the labour movement to be given resources to analyse change and to develop new recommendations.

## **Appendix 1: The Desirable Dozen**

*The following lists the priority employment standards items identified by the labour and community activists for change to Ontario Employment Standards Act (ESA):*

### **1. Better, stronger enforcement of minimum standards**

No law works unless it is enforced. The first change that is for stronger enforcement is that people who make employment standards claims must be protected from being fired. The ESA should guarantee that anyone fired for making a claim gets her or his job back for at least six months. Second, the Ministry of Labour has to do more inspections and spot-checks of employers' records. As long as the Ministry only investigates and settles individual complaints, employers know that they can save money by breaking the law. Third, the Ministry needs enough staff to do the job. They should hire back the 45 employment standards staff who have been laid off in the past two years; the Ministry needs to have them back to undertake an enforcement campaign.

### **2. No exceptions from minimum standards**

The Employment Standards Act has long, long lists of people who are not covered by some or all sections of the Act — from baby sitters, to cab drivers, to farm workers, to hotel workers, to camp counselors, to group home workers, and so on. The ESA should be simplified. One law should apply to everyone.

### **3. \$1.00 per hour increase in minimum wage**

The current general minimum wage is \$6.85 per hour (and has been frozen by the government). At that rate, working a 35 hour week for the whole year, a person earns \$12,467; for a 40 hour week, \$14,248 — not enough to live on. With a \$1.00 per hour increase, those annual wages would be \$14,287 and \$16,328. This is not too much to ask.

### **4. The 8 hour day and 40 hour week**

The law says a worker must be paid 1½ times your regular rate of pay after working 44 hours in one week. The maximum work week under the law is 48 hours. General Motors wants that increased to 56 hours. The government's "Red Tape Commission" suggested 50 hours. IBM wants to average working hours over a month, or 6 months, or even a year, before they have to pay any overtime rates. With so many people unemployed, we need a shorter work week, not a longer one. As in the case for the federally regulated employees and those in the seven of the provinces and the North West Territories, all Canadian workers should get overtime pay after 8 hours in a day and 40 hours in a week. And we need the right to refuse overtime.

## **5. 3 weeks vacation after 5 years**

The Employment Standards Act gives 2 weeks vacation after one year — and it never changes, no matter how many years you work for the same employer. Vacations should increase after 5 years. Vacation increases with length of service in 6 other provinces.

## **6. Breaks**

Most people think we have the right to “coffee” breaks. But they are not in the law. Let’s us include them in the ESA — two 15 minute paid breaks in each 7 or 8 hour day, in addition to the hour unpaid break for lunch.

## **7. Equal pay, benefits and rights for part-time workers**

More and more jobs are part-time. Employers are replacing full-time jobs with part-time ones or creating new part-time jobs, then treating part-time workers as second class workers — lower pay, no benefits, erratic scheduling. In Quebec, part-timers must be paid the same wages as full-timers until their wages are twice as much as the minimum wage. In Saskatchewan there is a requirement for pro-rated benefits for part-timers (only those who work more than 15 hours per week). If part-time work is the way of the future, then the ESA of the future has to offer part-time workers full recognition and protection.

## **8. Sick leave, family leave and bereavement leave**

One of the ways to bring the ESA into the 21st century is to insure that employees have job protection if they are sick, or have to care for a family member, or are bereaved.

## **9. Full protection for homeworkers and teleworkers**

A critical issue for the ESA in the 21st century is ensuring that people working from home are recognized as employees and are fully protected by the ESA and other employment legislation such as the Occupational Health and Safety Act, whether they work on a computer or on the telephone or stuff envelopes or assemble jewelry or make auto parts.

## **10. Protection from unjust dismissal**

We need to have protection from unjust firing included in the Employment Standards Act, as it is in the Canada Labour Code, in Quebec and in Nova Scotia. An employer can dismiss anyone anytime for no reason or any reason at all — and hire someone to replace them the same day. All they have to do is give the employee notice or pay instead of notice. The employer can take away someone’s livelihood because he doesn’t like their face, or because

they complained about not being paid for overtime. In order to fight an unjust dismissal, one has to be able to hire a lawyer and sue the employer. Only people with enough money to hire lawyers can do this. The law works now for people who have a lot of money to hire a lawyer.

#### **11. Clear distinctions between employees and independent contractors**

The employment trend of the 90's is calling people self-employed when they are not. Cleaners come in to work one night and are told "Sign here. You are no longer working for me; you're in business for yourself." The work hasn't changed at all, but the cleaner is no longer protected by the ESA, or health and safety or workers' compensation laws. The same thing is happening to all kinds of sales people, to hotel workers, to garment home workers, to house painters, even to workers in a factory! The Employment Standards Act, has to be made as clear as the Ontario Labour Relations Act that as long as an employee is dependent on an employer, they are employees for the purpose of all legislation.

#### **12. Recognition and accumulation of service with different employers**

More and more people are working more than one part-time job, or several contracts in a year in order to survive. They may work full-time, but not for one employer, or all year but for more than one employer in a sector — retail sales, restaurant work, telemarketing, etc. The ESA should be changed so that they can accumulate their service in a sector in order to qualify for pregnancy and parental leave, public holidays and termination and severance pay.

#### **And For a "Baker's Dozen"**

#### **13. Joint responsibility between employers**

Contracting-out — it's the employers' strategy of the 1990's. Large corporations contract out parts of their production in order to avoid having employees and the responsibility that comes with them. Although the contractors end up with legal responsibility for employment conditions, the large corporation still has control. The two companies should be held jointly responsible for meeting the rules and regulations set out in the ESA.

## Appendix 2

As shown in Table 1, unionization raises wages for workers across occupational categories in 1993.

**Table 1**

Mean Hourly Wage by Occupation (1993)										
	Total \$				Men \$			Women \$		
	Total	Union*	Non-Union	Union Premium %	Total	Union	Non-Union	Total	Union	Non-Union
Total	14.40	18.02	12.73	41.5	15.83	18.97	14.21	12.85	16.80	11.25
Managerial, Admin. & Related	19.34	21.20	18.96	11.8	21.44	22.13	21.29	16.71	19.85	16.13
Other Professional	18.32	20.77	16.05	29.4	19.77	22.91	17.85	17.39	19.81	14.45
Clerical & Related	12.26	14.39	11.40	26.2	13.51	15.92	11.92	11.96	13.84	11.30
Sales Occupations	10.96	13.07	10.73	21.8	12.68	12.78	12.67	9.21	13.44	8.83
Service Occupations	9.88	15.10	8.34	81.1	11.37	16.59	9.01	8.69	12.81	7.90
“Blue Collar”	14.41	17.16	12.50	37.3	15.27	17.90	13.26	10.48	12.28	9.72
Construction	16.46	20.45	12.94	58.0	16.47	20.51	12.93	--	--	--

\*Covered By Collective Agreement

Source: Statistics Canada (Survey of Labour and Income Dynamics (SLID))

While measurement of the union “wage premium” would try to hold constant a number of factors, including age, education, and size of the firm or establishment, looking at union/non union wage differences by occupation gives a meaningful comparison.

Jobs covered by a collective agreement paid 41.5% more, on average, than jobs that were not covered. By far the greatest relative impact was in service occupations — 81.1%. The smallest impact was in managerial, administrative occupations, reflecting the fact that most highly paid managers — and virtually all private sector managers — are not covered by a collective agreement.

Collective bargaining raises wages somewhat more for women than for men — by 49.3% compared to 33.5%. The impact upon the wages of women is particularly large in the generally low paid sales and service occupations which are dominated by women. Women sales workers covered by a collective agreement earn 52.2% more than those who are not, and covered service workers earn 62.1% more than those who are not covered.

Collective bargaining coverage has a major equalizing impact upon the wages of women and men workers. Women workers on average earned 18.8% less than men in 1993, but women covered by a collective agreement earned 11.4% less than men covered by a collective agreement. This equalizing impact is true across broad occupational groupings and unionized women actually earned more than unionized men in sales occupations.

Collective bargaining also raises the relative wages of part-time workers. Part-time workers on average earn 26.3% less than full-timers, but covered part-time workers earn just 9.6% less than covered full-timers. Covered part-timers in 1993 earned \$16.56 per hour, 68.1% more than non covered part-timers.

Union representation also provides workers with access to a wide range of rights and benefits.

Table 2 details common provisions in collective agreements, showing the percentage of covered employees who are covered by a particular provision. While the source of data is the file of major collective agreements — those covering 500 or more workers — maintained by the Department of Human Resources Development, it is generally accepted that wage settlements tend to average the same between major and smaller agreements. The same may not be true of benefits, holiday and other provisions given that such benefits tend to be more common in larger than small workplaces. However, over time gains in major collective agreements tend to spread into agreements covering fewer workers.

Among job security provisions, grievance procedures against unjust dismissal and seniority based protection against layoffs are probably the most important. Seniority provisions cover 66.8% of covered workers. The number would be higher were it not for the fact that there are many contexts where seniority provisions regarding layoffs are not relevant.

Data from the SLID survey for 1993 show that just 8% of all jobs covered by a collective agreement ended in an involuntary separation, compared to 14% of all jobs not covered by a collective agreement. And 76% of all jobs covered by a collective agreement had been held for more than one year in 1993, compared to 55% of non-union jobs. While non-union workplaces may be more unstable in terms of employment in part because of the predominance of small firms, this suggests that non-seniority job protection provisions in collective agreements — such as restrictions on contracting out and severance pay provisions — may have

some impact. Seniority provisions determine who is laid off, not whether there will be a lay off, but they do help to explain why jobs covered by collective agreements tend to be more stable.

In hours of work provisions, it is worth noting that many — almost one in two — full-time (i.e. more than 30 hours per week) covered workers have a standard work week of less than 40 hours. Rights to refuse overtime and to vary hours of work are still quite limited.

Almost half of all covered workers have some defined access to paid training, and access to paid maternity leave.

Covered workers typically have high levels of access to employer paid (or part paid) benefits such as group life, dental, and long term disability. 95% of all covered workers are covered by a pension plan (though this is lower for smaller bargaining units).

The great majority — three out of four — covered workers gain access to four weeks of paid vacation after 10 or less years of services, and to five weeks paid vacation after 20 years or less years of service.

**Table 2**

Common Provisions in Collective Agreements		Common Provisions in Collective Agreements (cont'd)	
Provisions	% Employees Covered	Provisions	% Employees Covered
<b>1. General &amp; Job Security</b>		<b>3. Leaves</b>	
Restrictions on Contracting Out	53.0%	Provision For Paid Training	
Labour-Management Committee	72.9%	— on the job	47.9%
Anti-Discrimination Clause	67.4%	— outside courses	34.0%
Sexual Harassment Clause	47.5%	— apprenticeship	30.1%
Advance Notice of Technological Change	58.0%	Provision For Paid/Part Paid Education Leave	27.0%
Seniority Protection Against Layoff	66.8%	Paid Maternity Leave	
Severance Pay	52.7%	— some provision	53.5%
		— 75% - 100% of salary for 17 weeks (max.)	24.9%
		— income beyond 17 weeks	17.8%
<b>2. Hours of Work</b>		<b>4. Paid Vacation</b>	
Regular Work Week of:			
35 hours	14.0%	— 3 weeks after one year's service	35.8%
35 hours to 37 hours 29 minutes	8.5%	— 3 weeks after 5 years service (includes those who qualify before 5 years)	59.9%
37 hours 30 minutes	19.4%	— 4 weeks after one year's service	19.6%
37 hours 30 minutes to 40 hours	6.4%	— 4 weeks after 10 years service (includes those who qualify before 10 years)	73.0%
Provision for Flex Time	21.4%	— 5 weeks after 20 years (or less) services	73.6%
Compressed Work Week	22.5%	— 6 weeks after 30 years (or less) services	51.1%
Some Provision for Overtime at Time & One half Rate	66.9%		
Right to Reduce Overtime			
— Unconditional	8.4%		
— Conditional	23.6%		

**Table 2 (cont'd)**

Common Provisions in Collective Agreements (cont'd)	
Provisions	% Employees Covered
<b>5. Benefits</b>	
Employer Contribution to Group Life Plan	
— some provision	87.4%
— employer pays 100% of premium	42.4%
Employer Contribution to Long-Term Disability Insurance	
— some provision	46.0%
Employer Contribution to Dental Plan	
— some provision	64.2%
— employer pays 100% of premium	31.9%
Employer Contribution to Drug Plan	
— some provision	32.3%
Employer Contribution to Vision Benefits	
— some provision	41.1%
Provision for Paid Sick Leave	
some provision	63.8%
Provision for Health and Welfare Benefits for Part-timers	
	35.8%
Provision for Pension Plan	
— provision for (Private Sector) of which at least partial indexation of pensions to cost of living	(93.1%)
	28.6%

## **New Technologies Are at the Heart of the Knowledge Economy**

### **Foreword**

This chapter summarizes the work that I carried out in connection with the Advisory Committee on the Changing Workplace.

It follows several meetings and round tables with representatives of businesses, unions, worker groups, the public and parapublic sectors, agencies and associations.

I agreed to be a member of the Advisory Committee in order to make a contribution based on my experience as a manager and businessperson in a company where high technology is all-pervasive.

I did considerable reading and attended a number of meetings and discussions in order to gain a better understanding of the labour market situation in Canada. Given the extent of the changes in the workplace and considering my expertise and experience, I will cover the following points:

- the effect of new technologies on the workplace;
- the impact of new technologies on business management and work organization;
- training: a key factor in success; and
- conclusions and recommendations.

I hope that the various workplace stakeholders in Canada — businesses, governments, unions, workers, associations and others — will use these thoughts and recommendations as a basis for action that will enable Canadians to deal with the profound changes that have occurred and are yet to come in the workplace. I also hope that they will encourage Canadians to take advantage of the opportunities that these changes present.

I would like to thank all those who gave me their time and provided reference material concerning the changing workplace in Canada.

## **Introduction**

The past two decades have witnessed many changes in the workplace in Canada, as in all industrialized countries.

During the 1980s, new information and communications technologies came into widespread use in business. In the beginning, the introduction of new technologies was limited to a few specific sectors, creating islands of automated activities affecting the tasks of a few individuals or small groups of workers. Near the end of that decade, there was a significant increase in the penetration of computers and computer-based technologies in business. These technologies led to profound and irreversible changes in traditional methods of work. They also started to transform the industrial, organizational and socio-economic structures of our society, as the economy began to shift from one based on the production of goods and services to one based on knowledge.

It has been shown that since the start of the 1990s, most companies have introduced at least one or more technologies in their organizations. Increasingly, Canadian companies are heading toward major changes based on the introduction of computer systems and the integration of the activities of different groups of employees. In most cases, these changes lead to extensive organizational changes and major adjustments in the organization of work.

As with any major change, there is a significant impact on our learning processes and on our way of life. The new environment in which we are living and working certainly has its problems, but it is also creating new opportunities for business. The way in which we seize these opportunities will greatly influence the future of Canadian society.

With the globalization of the economy, Canada's competitive advantages will henceforth be derived more from our knowledge and ideas than from our natural resources. Our standard of living will depend more and more on our ability as a society to provide Canadian citizens with all the means and basic skills required in order to remain competitive in a world where technology has become pervasive and where economic growth is closely tied to the concept of proactivity and value added. We can certainly resist this movement or embrace it wholeheartedly, but we cannot ignore it. Contrary to widespread opinion, Canada was one of the heaviest users of computerized applications in 1993, with nearly 20 computers for every 100 people.

## **The Effect of New Technologies on the Workplace**

In the past few decades, there has been a steady rise in the introduction of new technologies in nearly all sectors of Canada's economy, with the exception of agriculture (where the adoption of new technologies is relatively recent), construction and the public sector. Between 1986 and 1991, businesses adopted

increasingly sophisticated applications, introducing data transmission networks to link services or production or retail sales units located at different sites. These new technological applications have increasingly affected the activities of managers, professionals and technicians.

The introduction of new information technologies took place in two stages. In the first half of the 1980s, investments in new technologies primarily concentrated on the introduction of stand-alone applications, affecting mostly office and secretarial duties. The Conference Board of Canada reports that the real value of information technology goods and services used by Canadian industries rose from \$22.2 billion in 1986 to \$47.9 billion in 1992, an increase of 116%. By way of comparison, the use of goods and services not requiring information technologies rose only 11% in the same period. The study also indicates that, in 1986, 2.8% of the goods and services purchased by Canadian industries were technology-related, while in 1992 the figure was 5.2%, an increase of over 80 percent.

These technologies have led to significant changes in traditional production methods and have transformed the industrial, organizational and socio-economic structures of our society. They have also created new opportunities for business by making possible the development of new products, processes and services.

According to a recent study conducted by John Baldwin, Brent Diverty and Johanne Johnson, in 1989, 48% of manufacturing establishments were using advanced manufacturing technology (often, a combination of technologies), compared with 33% in 1987 and 15% in 1985. These establishments produced 88% of manufacturers' shipments.

The introduction of information technologies seems to be having a very different impact from that produced by the waves of change which have previously swept through the economy. New technologies are being adopted by companies in a context of high unemployment and unprecedented international competition — a context very different from that in which technological change occurred from the 1950s to the 1970s.

The pace of change is, moreover, much more rapid than before. Overnight, workers in a company have to change their work methods and adapt to new technological and organizational environments. To remain in the forefront, companies continually acquire increasingly sophisticated equipment.

Consideration must also be given to the fact that new technologies are not limited to just one industry or form of competition. They can be adapted to all areas of activity, which has repercussions not only on a particular sector, but also on the entire labour market.

Lastly, in the context of globalization, new technologies affect both the supply of and demand for labour, making work more portable. This situation also creates new work arrangements and virtually eliminates geographic distances between the company and the areas where its various activities are carried out, even allowing it to move across borders beyond some jurisdictions into others.

New technologies are now part of our new work reality, and it is to be expected that as the years go by they will spread to every sector of the economy. A number of studies indicate that, while new technologies may lead to major changes in work organization and in the way a company conducts its business, they do help to improve productivity and efficiency. These technologies also lead to new work arrangements and thus bring greater flexibility to the operation of the company so that it is in a better position to meet its production needs and respond to the expectations of its clients. In order to maintain its competitive position in both the domestic and international marketplaces, Canada has everything to gain by supporting this trend toward innovation.

## The Impact of New Technologies on Business Management and Work Organization

### *Effects on Job Creation*

There has been considerable debate on the effects of the introduction of new technologies on the growth or decline of employment. In my opinion, this is one of the issues that arise in connection with the activities currently being carried out under the sponsorship of the federal government.

According to the study entitled *Impacts of the Information Highway on Employment and the Workplace*, while improved business efficiency in the 1970s led to a drop in employment, higher productivity in the 80s had no impact as far as jobs are concerned. The third phase (which we are now in) will likely generate a wide range of new products and innovations that should result in increased employment. These jobs will, however, be more specialized and much more sophisticated.

An analysis conducted by the Conference Board of Canada lists the main industrial sectors adversely affected, in terms of jobs, by the introduction of information technologies. A large number of industries — such as the pulp and paper, motor vehicle, aviation and components, resource and energy, tourism and retail sales industries — apparently made major changes to modernize their operations. These modernizations led to a shift in employment, that is, traditional unskilled jobs disappeared in favour of jobs based more on the use of information technologies.

The OECD indicates that between 1984 and 1991, knowledge- and information-based industries accounted for 53% of the total growth in employment in Canada.

Nuala Beck, a renowned Canadian economist, confirms this trend. We are experiencing, in effect, a growth in employment in knowledge industries such as engineering and computing, and a loss in employment in declining industries such as the petroleum sector.

According to Ms. Beck, the new Canadian economy can be broken down as follows:

- 58.3% lies in growth sectors (e.g., pharmaceuticals and biotechnology);
- 12.3% is in declining sectors (e.g., textiles and steel);
- 28.1% is in sectors that are slowing down, that is to say, on the verge of declining (e.g., insurance).

Furthermore, Nuala Beck estimates that, besides the service sector, the manufacturing sector is also experiencing strong growth in various areas such as computing and cellular products.

In addition, in a speech, Robert Lacroix, a professor with the Department of Economics at the Université de Montréal and Chief Executive Officer of CIRANO, quotes a study conducted by Lee and Has which confirms "that employment has grown most rapidly in knowledge-intensive industries (scientific equipment, telecommunications, informatics, aerospace, etc.). These industries are also characterized by high wages, high productivity and high exposure to international competition." The result of this situation has been an increase in skilled professional jobs and specialized technical positions, and a decrease in unskilled jobs. In 1994, nearly one out of every two Canadians (43%) used a computer at work. The rate was 20 points higher in high-growth service industries (business services, finance, insurance, real estate).

In the report of a 1996 study, the Conference Board of Canada also concludes that acquiring information technology goods and services does not lead to an overall reduction in employment. Industries that purchase and use large quantities of information technology goods and services have created more jobs than industries that do not.

From April 1995 to March 1996, employment rose considerably in Information Technology (IT)-intensive industries and declined in those that make little use of such technologies. Some 850,000 jobs were created in the former group, while 146,000 jobs were eliminated in the latter. During the same period, aggregate employment in Canada increased with the creation of 771,000 new jobs. Expressed as a percentage, employment rose by 12.5% in high-tech industries and decreased by 8.9% in those that make little use of high technology. Nationally, the mean rate of growth of employment was 8.3 percent. Given the net impact of information technologies on the economy as a whole, it seems unjustified to state that new technologies have a negative effect on employment.

### **New Pressures on Workers and Businesses**

In the new technological environment in which businesses are operating, all stakeholders are faced with unprecedented change.

Because of the globalization of the economy and the fact that work can now be done in countries that offer the most competitive working conditions, particularly in terms of wages and benefits, workers can lose their jobs overnight. We also know from experience that entire businesses can be wiped off the economic map by competitors from all over the world or by extensive restructuring of the industry in which they operate. Naturally, such a situation creates a high level of insecurity.

*The Future of Work*, a study carried out for Human Resources Development Canada in June 1996, indicates that 37% of Canadians believe there is a good chance they will lose their jobs in the next two years.

Robert Lacroix indicates that the main outcome of the introduction of information technologies and “the massive reorganization of goods and services production methods and sites.... is that, for a growing proportion of workers, job permanence is being seriously jeopardized. In fact, since the early 1980s, the expected average tenure in a new job has declined only slightly, from 3.85 years for the 1981-85 period to 3.80 years for the 1991-95 period. However, more workers today have short-term positions; fewer have medium-term positions, and still fewer hold permanent jobs. The number of people who are self-employed or who work part-time — two forms of less stable employment — has increased.”

Jobs lasting less than six months rose by 0.46% between 1981 and 1985, 0.50% between 1986 and 1990 and 0.54% between 1991 and 1994. It is primarily the least-educated workers in this category whose job tenure is becoming shorter. Similarly, Kathryn McMullen quotes a survey of 263 businesses across Canada, that reveals that most of the jobs that were created with the introduction of new technologies in the businesses that took part in the study between 1991 and 1994 were management and professional jobs. Most jobs that were eliminated were semi-skilled and unskilled.

According to the study *The Future of Work*, the growing use of new information technologies is not only creating a gulf between highly skilled, well-paid workers on one hand, and workers without computer training on the other, it is reducing the number of unskilled jobs available. If the current trend continues, it will become extremely difficult for unskilled workers to find employment.

In fact, new technologies are eliminating and creating jobs at the same time. There is an initial period of job reductions. Facts show, however, that the spread of new technologies in the economy has increased business productivity and that the number of new jobs created in completely new industries has exceeded the number of jobs eliminated. Nevertheless, these new jobs usually occur in industries, sectors, sites and even countries other than those in which jobs have been eliminated. This means that workers affected by job losses due to the introduction of new technologies often have to requalify for the new jobs and even relocate or change careers in order to find another job.

Accordingly, the overall result of the introduction of new technologies is more a series of imbalances within certain skill groups and professions. In absolute terms, the use of new technologies does not necessarily eliminate jobs. In reality, it leads to shifts in major work groups and the gradual disappearance of certain more manual or basic tasks.

### ***The Impact of New Technologies on Business Efficiency***

In a study conducted in 1993, C. Freeman and L. Soete state that “the computerization of every function within the organization is leading to a new type of corporate structure and a new management style.” The main reason for introducing new technologies into a business is to increase its efficiency and organizational effectiveness, with a resulting rise in productivity.

Data from various studies show that, in terms of production, businesses that acquire new technologies outperform businesses that make little use of them.

The job enrichment that comes with the adoption of new technologies has also helped to improve productivity, but its impact is more difficult to measure, as a number of direct and indirect effects of such changes are interrelated. The overall growth in Canadian productivity resulting from the adoption of new technologies and organizational changes has not yet become clear. The reason for this is the need to focus more on the organizational impacts that should normally go hand in hand with the introduction of technological changes. Although such changes have been introduced effectively into certain sectors of the economy, the facts suggest that, in many cases, they have not really been integrated into the corporate culture.

However, a number of studies conducted by the OECD into technological and organizational change and the flexible business indicate that continued productivity growth and improved competitiveness depend in large measure on four independent elements:

- business strategy;
- technological innovation;
- work organization; and
- human resources management.

The OECD suggests ways of ensuring that the adoption of new technologies leads to improved business productivity and competitiveness, including the following:

- increasing our understanding of how human resources management and organizational practices in the workplace can both increase productivity, and contribute to an equitable sharing of productivity gains;
- identifying impediments to the introduction of innovation and durable workplace practices;

- identifying mechanisms to encourage more widespread adoption of innovative and durable practices. (In so doing, consider what employers and workers — the principal actors in the labour market — might do differently to foster productivity, while promoting quality of working life.);
- proposing and considering how public policy can support these changes; and
- ensuring that all the stakeholders in the workplace — company heads, workers, unions, governments and others — are fully involved in introducing new computer and communications technologies into their business and into Canadian society as a whole.

### ***External Changes***

Few studies appear to have been carried out on the external changes caused by information technologies. Clearly, however, the introduction of new technologies has a significant impact on the relationship between suppliers and their clients.

New technologies can lead to improved, more personalized services, since businesses can work directly with their clients using automated systems. This is why it is so important to understand these external impacts in order to identify the opportunities they offer.

The organizational and structural changes that take place in businesses when new technologies are introduced facilitate the creation of specialized businesses that can supply, under better conditions, certain goods or services that were previously produced by the business itself. This is the phenomenon of outsourcing, which has enjoyed a boom for the past several years and has given rise to many new small and medium-size businesses (SMBs) in both Canada and the United States. For example, various SMBs produce most of the parts that the automotive industry uses.

Closer to home, Nortel does business with a number of SMBs which it identifies as “certified suppliers”. Their products are not checked in any way, since the partnership agreements and quality requirements have been meticulously defined.

In short, the outsourcing phenomenon means that companies need to make changes into both their business plans and their human resources management plans. It is having a major impact on employment in Canada and is paving the way for job relocations and the emergence of non-standard jobs.

### ***Organizational Change and Corporate Culture***

According to a study conducted by Kathryn McMullen on technology in the workplace, four out of five respondents who had adopted one or more new information technologies during the study period said that doing so had forced them to reorganize their work methods.

The study found that a number of businesses were introducing new human resources management practices, albeit relatively slowly. In 1993, 37% of the businesses had made at least one change in their employees' job descriptions, and 43% had instituted a formal employee participation program. According to the respondents, the three main obstacles to adopting new information technologies were the disruption in the performance and organization of work, the cost of training and the lack of technicians.

The very nature of jobs and the structure of business are being increasingly affected by the introduction of new technology. In the study *The Canadian Workplace in Transition*, the authors discuss a 1993 survey of human resources management practices that classified technology-induced changes to traditional jobs in four categories: telework, job rotation, job enrichment and self-managing work teams. The survey results suggested that such changes were not widespread; only 37% of the businesses surveyed had adopted at least one new technology. However, the results show clearly that the nature of jobs changed more in those businesses that had introduced major technological changes between 1988 and 1993.

The situation in the United States is a good illustration, according to Robert Lacroix, of the adjustments that businesses have to make in the workplace. "In the past 20 years, the size of the 500 largest American companies, as measured by the median of employment, has decreased by 37%, from 16,000 to 10,000 employees. At the same time, more than 40 million new jobs have been created, thanks to the massive influx of new businesses and the strong performance of American SMBs."

Data collected from 11,993 members of the Canadian Federation of Independent Business in a study which ran from November 1995 to January 1996 indicate that SMBs are adopting computer and communications technologies at a rapidly growing rate and they are beginning to benefit from new technologies which had long been used only by large businesses with large volumes of data to process.

Computers and fax machines, for example, have practically become standard equipment for businesses. As computers become more affordable and user-friendly, SMBs are embracing them. As well, SMBs are making increasing use of applications such as the Internet and cordless telephones.

According to the results of the Canadian Federation of Independent Business survey, 25% of respondents used multimedia computers with CD-ROMs; more than 88% used fax machines and nearly one third used their computer modem to send and receive documents; some 21% of respondents had installed equipment to create local communications networks in their business; approximately 18% were already using e-mail, and another 13% planned to use it by the end of 1996; more than 13% of respondents were already connected to the Internet (and the rate would double by the end of 1996); and, finally, approximately two thirds of respondents used a cellular telephone or another type of cordless telephone, while 22% used a paging service.

Since the strength of SMBs lies largely in their ability to adapt to rapid changes in the market and the economy, it seems clear that they are turning to new technologies because they afford considerable mobility and generate savings in areas such as office work.

## **A New Approach to Labour Relations**

Organizational changes related to the introduction of new technologies have changed the traditional labour relations dynamic. This change means that we are now witnessing some contradictions between certain long-standing approaches to work and the new reality, for example:

- between broader, more flexible job descriptions, and the specific, compartmentalized job descriptions of the past;
- between wage scales that have decreased in number in comparison with the greater number of scales of the past;
- between compensation keyed to performance, and the conventional forms of compensation; and
- between flexible assignments and assignments dictated by seniority.

The study by Kathryn McMullen indicates that 37.1% of companies reported that they had at least one performance pay plan in 1991, up from 28.6% in 1985. Innovative compensation schemes were more common in businesses that had already made substantial technological changes.

Regarding other innovations that affect the workplace, greater worker participation in company decision-making is both a motivation booster and a powerful tool for training and information. Still, just under half of the respondents said that their company had a formal program enabling employees to become involved in decision-making. Here again, these programs were more common in firms that had introduced substantial technological changes.

## **New Work Arrangements**

New information technologies are permanently becoming fundamental agents of economic and social change. Information systems are fast becoming a commonplace work tool that will also affect workers in many aspects of their daily lives. Information technologies are delivering more sophisticated services via smart networks, data banks, interactive distribution of sound, images and information, electronic mail, data transmission, desktop publishing, teleconferencing, electronic commerce, and much more.

As information technologies play a larger role in the economy, they alter the nature and structure of work, not only within individual companies, but in the world of work as a whole. One aspect of this trend is the creation of new

industries and new types of jobs. Another is the immediacy, or elimination of the geographical distance factor, that is now possible through technology, which has led to the emergence of new work arrangements which are gradually supplanting or superimposing themselves on the conventional arrangements.

The Economic Council of Canada was forecasting that Canadians would increasingly see jobs gravitate toward either of two poles: one consisting of a small number of secure, high-skill, high-pay positions; the other, a vast number of non-standard, less secure and lower-paying jobs. The growing polarization of employment is essentially due to the level of knowledge and skills of individuals and the new types of jobs being created.

The study *The Future of Work* indicates that the standard forms of full-time employment are still the most common. They accounted for 70% of all jobs in 1995. But non-standard employment has been rising steadily over the past 20 years, from 25% in 1975 to 30% in 1995.

Since 1976, non-standard jobs had accounted for 44% of all employment growth, but the numbers of these types of jobs have fluctuated widely and have closely followed economic cycles.

### ***Non-Standard Jobs***

In 1989, non-standard employment — including part-time, temporary and contract work, self-employment and work for temporary help agencies — accounted for about 28% of all jobs in Canada and almost half of net employment growth in the 1980s. Five years later, in 1994, the growth in non-standard employment remained high and represented about a third of total employment growth. These figures are comparable to the data reported by several European countries, including the United Kingdom, Germany, Italy, Belgium and Holland.

Most non-standard jobs are in the commercial, business and personal services sectors. Many part-time workers also get work through agencies. The number of persons working for agencies rose by one-third between 1984 and 1994.

Generally, non-standard jobs are held by young people and by women. In many cases one person will hold down several such jobs. Although non-standard employment tends to rise during recessions, the data show that the rate of non-standard employment did not decrease during non-recession periods. This trend suggests that these jobs will be with us for a while.

Some see many advantages in non-standard work arrangements, but others feel they are the last resort.

One of the main advantages of these arrangements is flexibility for the worker. Many opt for such arrangements voluntarily, and they manage to earn a living while taking on other responsibilities or activities. These new modes of work can also enhance the quality of family life, contribute to a more healthy environment by reducing automobile use, create jobs for persons with disabilities or health

problems, and so on. Some workers with the necessary skills and autonomy appreciate the independence that these work arrangements offer, and successfully develop many opportunities.

But non-standard work arrangements are not the ideal solution for everyone, and some may find it hard to adapt. Being isolated at home, for example, may be difficult for some individuals. Others may feel that they have fewer opportunities for advancement. It might also be harder for them to participate in employee organizations and defend their point of view. Finally, some fear that certain companies might unduly take advantage of non-standard work arrangements to increase work hours or reduce workers' earnings. These employees see non-standard arrangements as an alternative that they accept temporarily, but they would prefer a standard job.

The study *The Future of Work* indicates that the most common non-standard arrangement is part-time work. In 1995, 61% of all non-standard jobs were part-time positions. Since 1976, 78% of the growth in non-standard employment has been due to the increase in part-time jobs.

Two thirds of all part-time employees choose this arrangement voluntarily for different reasons, depending on their age, sex and circumstances. But between 1976 and 1995, workers who involuntarily were put on part-time status accounted for about 52% of the growth in the part-time workforce, notably during the recession. Still, 57% of Canadians are content with the hours they work, 27% would like more hours, and 13% would like to work fewer hours.

The growth of part-time employment is not solely a Canadian phenomenon. Since the early 1970s, it has been seen in all G7 countries except Italy. In France, the UK and Germany, almost all new jobs are part-time. Since 1970, Canada and the United States have reported the largest increase in full-time employment. At the same time, Canada and France have seen the greatest increase in part-time work.

## **Telework**

Telework is another work arrangement that is rapidly increasing in frequency. This phenomenon was introduced in the early 1970s.

This arrangement initially was adopted by employees who were given specific tasks that could be completed at home using the then new information technology. Since then, telework has become more widespread, and today it represents an extension of the workplace and hours of work. With information technologies, employees can now work where and when it is most convenient for them (in an airplane or hotel room, in the morning, afternoon, evening, etc.) This new arrangement is increasing in popularity among Bell Canada workers in Ontario and Quebec. In 1996, there were 2,500 management and non-management teleworkers. This figure could double before the end of 1997.

Telework is used primarily in knowledge-based positions like programming and development, management, representation, marketing, administration, finance, and customer service.

Telework offers many advantages.

For the employer, this form of work lowers capital costs by reducing the need for expensive office space in commercial buildings. For instance, IBM Canada<sup>16</sup> says telework has cut leasing costs by 55% in the parent company's Armonk division.

In most cases telework boosts the individual's productivity by 15% to 30% on average. New York Telephone, for example, estimates that its productivity gains due to telework have averaged 43%, while Control Data Corporation estimated its gains have been about 20% on average. The increase in productivity is attributed to greater tranquility, less interference with and interruption of work, better, quieter work environment, and the ability to choose the hours of work more appropriate to the teleworker's lifestyle. It also offers more competitive hiring conditions for certain worker categories.

Finally, it allows more flexible management of human resources because telework is done outside the constraints of time and space that the employer usually has to deal with. Several studies also indicate that telework reduces absenteeism, increases employee retention, and enhances personnel loyalty and overall satisfaction.

Telework also offers undeniable advantages for employees. It eliminates or reduces travelling time to go to the office, which can substantially reduce stress and increase the time available for work or personal activities. It can also yield considerable savings (travel, clothing, lunch). Another benefit is that telework makes it easier for workers to handle both family and professional responsibilities because they have more latitude to organize their work time and personal time. Working at home also means fewer distractions, allowing the worker to concentrate on important tasks or issues without being bothered.

Telework has some disadvantages, of course. Most commonly, employees express concerns about feelings of isolation, less chance of promotion, the tendency to overwork, and fewer opportunities to develop managerial skills. Some disadvantages also exist for the company. These include higher costs for computer systems and, particularly, adjustments to management practices.

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<sup>16</sup> Examples mentioned in these two paragraphs were drawn from Alain Pinsonneault and Martin Boisvert. "Le télétravail : l'organisation de demain?" in *Gestion*, vol. 21, no. 2, June 1996.

## **Public opinion**

To conclude this section on the changes resulting from the arrival of new technologies in business, we summarize the key findings of *Public Opinion Update — Workplace Issues*, a November 1996 study by Strategic Communications:

- Almost three quarters (73%) of Canadian workers say the arrival of new technologies in their company had had either considerable or little effect on their own work. Of these, 88% see the impact as positive, notably in relation to efficiency, turn-around time and productivity.
- Although two out of five Canadians like the idea of telework, the vast majority (84%) of Canadian workers say they do most of their work in a conventional workplace. Four out of five workers assigned to telework say they like it.
- Almost three quarters of Canadian workers say technology has had an impact on their job and are inclined to say the impact has been positive. However, while they say technology has improved their company's situation, one worker in three says the arrival of new technologies has decreased employment in their company.
- Almost two thirds (63%) of Canadian workers feel their employer's situation will improve in five years because of a new technological environment in their company.
- The study concludes that working at home is more popular among workers in the western provinces (22%), workers over 55 years of age (35%), those with little education (23%) or income (21%), and self-employed workers (55%).

In a broader sense, an urgent need exists for all parties concerned (employers, organizations, associations, unions, governments and employees) to learn more about telework so that they will be able to understand and recognize the inevitable impact of new technologies on their job, their organization and the economy as a whole. Only greater awareness can spur the workplace to greater productivity, job creation and exports, and promote the participation of all stakeholders in the creation of a new social culture that places greater emphasis on knowledge, autonomy and initiative.

Sectoral projects involving several stakeholders, whether at the company, industry or sector level, could be a highly effective means of restructuring work and mobilizing the parties concerned.

## **Training: A Key Factor In Success**

The growing use of new technologies in business, combined with demands for competitiveness resulting from economic globalization, have had a major impact on employment. Often, new technologies have radically changed existing jobs

and demand more know-how, a greater sense of responsibility, and greater independence. Even in office work, secretaries and receptionists have been transformed into experts in word and data processing.

Clearly, the new jobs created and those that have been changed by the introduction of new technologies require a new set of skills and are now more knowledge-based than in the past. Some studies have shown, for example, that the likelihood of holding a more demanding position in terms of knowledge was 12% higher in 1991 than in 1971. The rise in the qualification level apparently accelerated in the 1980s, especially towards the end of that decade.

An OECD study predicts that there will be a long decline in demand for workers who are not highly specialized or trained, partly as a result of the technological investments made by multinational corporations. In addition, the authors foresee that some non-specialized jobs and a growing number of specialized jobs in the manufacturing sector will move to Asian countries, at the same time as the demand for well-trained and highly knowledgeable workers increases.

In Canada as in most industrialized countries, the proportion of workers with a university degree has risen sharply since the 1960s, which tends to confirm the rise in work requirements in the labour market. Generally, the proportion of managers, technicians and professionals in total employment in Canada increased from one fifth in 1976, to one third in 1993, which means that the level of skills required throughout the economy rose during this period. Meanwhile the number of unskilled jobs is decreasing because of the mechanization of repetitive tasks. In addition, employment rates continue to drop among workers with the lowest education levels.

The new work environment will increasingly require the development of solid basic training, in addition to a broad scientific, technical and professional background.

An article in the October 1994 issue of *Science and Technology Review* stated that workers in the new job market will have to have not only a good general education, with respect to reading, writing, computer science, general science and engineering, but cognitive skills such as analytical and deductive reasoning, language proficiency, and a good grasp of mathematics. They will also need a range of skills that facilitate interpersonal relations, such as supervisory, leadership and entrepreneurial capabilities. Unlike the skills needed in the old mass-production economy, these new qualifications are not tied to specific industries, but rather can be applied to any sector.

Even in groups of workers who are not highly specialized or who are unskilled, the ability to solve problems is an increasingly sought-after skill. More and more, these groups are being called upon to demonstrate their autonomy and know-how. They are required to master the technical and specialized skills needed to plan and carry out their work (know-how), define and solve any problems they encounter (problem-solving), and take advantage of the flexibility that they have been given to do the required work (autonomy).

According to Robert Lacroix, “in addition to level of formal education, an equally important problem is the ability to retrain the workforce to meet the labour market’s new requirements, which depends largely on providing basic training for workers and investing in human capital.” He presents the survey of literacy published recently by Statistics Canada revealing that a large number of adults (22% in 1994) do not or no longer have the skills needed for retraining.

In this context, training has become an integral part of the success of any business. To what extent do Canadian stakeholders meet this new need?

The rise in the level of competence required by businesses is reflected in the high number of employer-funded training programs, especially on software and the qualifications now required from technicians and skilled workers.

A study by Gordon Betcherman has shown that on average, one third of Canadian employers provide formal training activities for their employees. This proportion seems to have been slightly higher at the end of the 1980s than previously. When formal training is counted together with more informal training activities for workers, it is estimated that from 60% to 70% of employers provide training.

However, access to training activities is not uniform. The employees most likely to receive company training are those who already have a good education, hold a more important job, are between 25 and 44 years of age, and are full-time employees. Employees are also more likely to have access to training if they work for a large technology-based company that generally requires more highly skilled workers and is experiencing an average rate of employment growth.

The study by Kathryn McMullen also shows that almost 38% of labour market participants had access to some form of adult education, compared to 23% of the unemployed and 13% of people outside the labour market. In addition, participation in adult education and training tends to rise in proportion to level of education and income. Consequently, participation by those at the top of the scale (59%) was much higher than that of those at the bottom (21%).

Nevertheless, many companies are having difficulty filling positions. In some cases, individuals are over- or under-qualified. A study by Harvey Krahn, for example, showed that nearly 25% of Canadians consider they are over-qualified for their current job. Meanwhile, a study by MaryAnn McLaughlin determined that the skills level among a sampling of recent high-school graduates was low. In short, it appears that in many ways there is a gap between current education programs and the qualifications, attitudes and abilities required by today’s jobs that focus on the increasing use of new technologies.

The fact remains that workers who held traditional jobs in the past will have to acquire new skills and often will need help to do so. In order to succeed in the labour market, new workers will especially have to demonstrate solid skills in speaking and writing, mathematics and computer science, as well as the obvious ability to communicate effectively with other members of their work team and company.

Once again, it appears that sectoral co-operation produces positive results in retraining workers to use new technologies in their jobs. For example, a training program for longshoremen at the Port of Vancouver used technology to train new employees, upgrade employee knowledge and help improve productivity. Various experiences seem to suggest shared roles in the training and/or retraining of workers:

- general education, aptitudes and the school environment, including the degree of use of computers;
- continuing education undertaken by the employee either through reading, exchanges with co-workers (on-the-job training) or other education programs;
- training specific to the job or company provided by the employer; and
- training in an industrial sector provided through cooperation by businesses with organizations/associations or unions.

Closer ties between the business and education sectors are being made in many regions in Canada. Let us hope that this collaboration will grow to encourage a school-work synergy both in university and technical or vocational training.

## Conclusions and Recommendations

From my analysis of both the changing workplace, in particular the impact of new technology on the workplace and on how businesses are managed and work is organized, and the new training needs of workers, I am able to draw certain conclusions and make the following recommendations.

### ***Building a New World***

Like any instrument of change, new technology comes across as a powerful tool that affects the structure and organization of almost all businesses in all sectors of activity, eliminating some duties and jobs and creating others. It is precisely because of the almost infinite range of possible uses for new technology and the rapid rate of change it brings about in businesses that evaluation of its impact is complicated.

It is difficult to separate the effects of new technology from cyclical movements in the economy. However, we can empirically identify four major trends for the future:

1. A macro-economic acceleration in the shift from an economy based on manufacturing to a service-based economy.
2. A growing gap between employment supply and demand in terms of the workforce's skills, knowledge and qualifications.
3. A growing polarization of the workforce with a central core of permanent, highly-qualified workers and a much larger group of less-qualified workers, accompanied by a growing disparity in income.
4. A movement toward an increasingly knowledge-based economy with higher workplace requirements in terms of education, which will have a profound impact on the nature of employment and compensation.

According to a recent Conference Board report, Canada must embrace technological change and development and take advantage of the opportunities it affords if we want to improve productivity, create new trade opportunities and enjoy sustained economic growth.

Each group of stakeholders in the workplace — businesses, associations/unions, workers and governments — will be affected by the introduction of new technology. A study on employment published by the OECD points out that the negative effects of technological change will be more than offset by the resultant increase in productivity. At the same time, technological change, like any other instrument of change in the economy, will tend to redistribute wealth because it will change the relative value of various types of workers and capital. All the studies referred to in this report also confirm that unskilled employment will be displaced by knowledge-based employment.

Therefore, all stakeholders will have to make their own contributions to the process of radical change that will result from the massive introduction of new technology.

In a context of globalization, Canada must compete with countries such as Germany and Japan that are at the centre of technological innovation and with developing countries which, with new technology, are able to offer cheap labour. To level the global playing field, Canada must also encourage the introduction of new technology.

Obviously, businesses which are not yet involved in the process of technological innovation, with the demands that this places on business restructuring and employee training, risk disappearing or at least fading significantly over time from the Canadian economic scene.

Businesses already involved in the process have to ensure that they make full use of the potential offered by new technology and do not hesitate to make the many changes required to their business processes and organizations, and to implement appropriate training and development programs for their employees.

The introduction of new technology brings into question how businesses operate. In the future, workers will become more independent and will play a more active role in decision-making, and businesses must find appropriate means of communication to enable employees to make a positive contribution.

Communications now flow horizontally rather than vertically. Businesses must become more flexible so that employees can be given more responsibility. Terms of compensation must change and relate the skills and qualifications of employees, as well as with their contribution to increased productivity and profits.

Decision-makers must not only encourage investment in new technology, but must also think of the people who will be using it. In order for new technology to bring about the expected increase in productivity, it is important to:

- give attention to the human aspect of change, notably the insecurity that the technology may cause employees (by offering, for example, consultation services during the transition period);
- know how to reorganize the production and management systems (by setting up pilot projects before extending the new practices to the entire organization);
- take into account the effects that these changes may have on the entire organization (for example, whom to train and what kind of training to choose); and
- develop effective and credible internal communications so that all employees can become involved in the innovative process, understand its challenges and appreciate the results.

Workers, for their part, must be resolutely committed to making the necessary effort to become trained so that they can deal with the technological changes, both in their companies and in the labour market as a whole. Their future depends on it. The chances of finding employment are already decreasing for unskilled workers. The high rates of structural unemployment seen in all industrialized countries already clearly demonstrate this fact.

Workers should not rely solely on their employers in this effort. When major technological changes are introduced, many employers will choose to hire new, qualified workers rather than absorb the cost of training their current staff.

Workers must increasingly consider themselves first and foremost as participants in on-going self-directed training and make full use of training and skills upgrading resources made available to adults by governments and educational institutions. Moreover, tools such as distance education, videoconferencing and educational software already enable all workers to acquire training, regardless of where they are.

Unions and associations must take an active part, along with management, in the changes that are occurring in businesses and various sectors of activity. Certain sectors have set up sectoral committees that are studying ways to both introduce new equipment, and redesign the organizational structure of businesses. There is no doubt that such initiatives should be encouraged.

Beginning in the late 1980s, several associations and unions started looking at the changes that were beginning to emerge in the economic and social environment. They developed procedures that encourage the creation of joint committees to deal with crisis situations, technological innovation, pressure from competition and social developments to ensure that businesses and governments take into account the impact of these changes on workers, their families and society in general.

Several multipartite groups were created spontaneously in the non-unionized sectors on the initiative of human resources services or groups of workers. The purpose of the groups was to determine how to facilitate the introduction of new technology and quickly make it a useful tool for both workers and businesses (as in the banking sector, for example).

Aware of the fact that new technology will strengthen Canada's competitive position in the new world economy, governments are becoming a catalyst for innovation. They must bring together the various stakeholders and provide the necessary framework to encourage technological innovation in Canadian businesses, notably by supporting research and development activities, while reducing to a minimum the social costs of these innovations.

Governments must also provide:

- tax incentives;
- support for worker training;
- training programs for the unemployed; and
- appropriate regulations governing work.

A special effort must be made to develop a permanent advantageous link between educational systems and the rapidly changing needs of the workplace. For example, programs for the unemployed must be developed to enable people to upgrade their skills so that they will eventually be able to acquire jobs in businesses that use new technology, since these businesses are where new jobs will be created.

The educational system must integrate into its programs at all levels an ongoing concern not only for developing qualifications, but also the leadership, communication, initiative and teamwork skills required by the work processes adopted by businesses in the new economy.

Elementary and secondary school education should prepare tomorrow's workers to be very flexible, open to change and able to learn new skills. It is important that young people become familiar with new technology and learn to use it. They may already be using tools such as distance education, educational software, videoconferencing and the Internet. Introducing more students to technological innovations will give Canadian businesses a strong advantage in tomorrow's competitive markets.

Educational institutions should also emphasize science in their curricula through various initiatives such as fairs and competitions sponsored by businesses and governments.

Institutions must co-operate by sharing resources in the interest of reducing costs and serving the greatest possible number of people.

Finally, ongoing co-operation between businesses and educational institutions is necessary to deal with the changes that will result from the use of new technology.

The external impact of introducing new technology should also be studied thoroughly. New technology brings about major changes not only in businesses, but also in the entire structure of industries and the dynamics of their interrelationships. We need only think of businesses that tend to specialize in specific areas and contract out certain services. This practice has the effect of encouraging the creation of new businesses.

Governments should develop incentives to encourage the use of new technology and the training of workers (tax incentives for example) in order to enhance the Canada's competitiveness in the global economy.

If we do not develop the skills and infrastructures required to deal with the rapid introduction of new information and communications technology, we run the risk of creating the opposite situation where the economy stagnates and our standard of living falls.

Instead, we must immediately embrace the arrival of new technology, an irreversible phenomenon, and endeavour to use it to create new opportunities. As workers' experience and skills increase, they will be making a greater contribution to the growth of their economy which, in the normal course of events, should improve the work environment and the quality of life in Canada.

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## A Personal Reflection on the Collective Reflection

### Introduction

Some people may read this report and come away disappointed, because it does not suggest that we have solved the problems of Canada's changing workplaces, once and for all. Unfortunately, final solutions do not really exist. In a constantly changing world, the one thing that we can know for certain about tomorrow's problems is that they will not all be the same as today's problems. Constant change does not necessarily imply that all we need are new ideas; many of the best ideas are, in fact, rather old (e.g., democracy). However, it does imply that we must continuously weigh the old and the new in trying to find the best ways to deal with today's issues. Constant change also forces us to think about how to structure a process that will increase the chances of finding the best solutions to tomorrow's problems.

This personal reflection therefore starts by considering what I have learned about process, before considering more specific issues. The "Collective Reflection" process was itself an example of the mixture of old and new. One of its innovations was the attempt to use new technology — the Internet — to establish a forum for individual Canadians to directly communicate their perceptions and commentaries, both to each other and to the Advisory Committee. The objective was to engage a broad cross-section of the public in a direct dialogue, and to avoid the predictable posturing that interest groups are sometimes forced to engage in when they have to react to each other in formally staged hearings. Although citizen involvement in a democracy is an old idea, this was an attempt to find a new mode of expression. In principle, computer technology may someday enable whole new directions for involvement. However, although the initiative was certainly an experiment worth trying, and did generate some useful contacts and ideas, its success was limited by the fact that only a minority of the Canadian public now have access to the Internet. The low level of participation in the Advisory Committee's Worldwide Web site has indicated that this mode of public consultation is a useful supplement, but cannot replace more traditional modes.

While use of the Internet was new, the Committee's process of consultation with experts, interest groups and each other has been around for a long time, and proved very fruitful. The Advisory Committee members met each other for the first time in September 1996. We came from very diverse backgrounds, approached the discussions with differing attitudes (even, in some cases, a little cynicism), and had little time to interact. Nevertheless, despite working on a part-time basis to a short deadline, we made significant movement towards consensus — as summarized in the introductory overview and the conclusion of this report.

Furthermore, on many issues we found that we did not disagree so much in fundamental analysis as in “tone” — e.g., whether to emphasize the positive or the negative aspects of an issue, realizing that both exist.

Since we did not have the time to come to a consensus on a common wording of all issues, we have written individual chapters. However, this should not necessarily be construed as representing disagreement. I agree with much of what is contained in the other chapters, and I know the same to be true for the other committee members. There may be a general, hopeful moral. On an issue like workplace change, there are major differences in perceptions and interests, but Canadian society is not yet so fragmented and polarized that we cannot usefully talk to each other. One cannot expect agreement on all issues, but it is reasonable to expect some consensus on improvements of mutual benefit, and some expressions of common Canadian values.

One way of seeing the “Collective Reflection” is as part of the larger process of adjusting to social change. The Advisory Committee met for eight months, but it is certain that the debate on workplace change will continue for many years, as workplace change continues. This “personal reflection” therefore focuses partly on how the process of debate and adjustment to change might be improved and sustained, then turns to specific proposals. It is presented in three parts. The first, and most general, issue is the distribution of risk and reward in the new workplace. In a world of increasingly rapid technological change, expanding globalization and diminished state involvement, individuals and firms face an increasingly risky world. But how will the risks and rewards of workplace change be divided? The second section considers the implications of workplace change for social polarization, for training and for collective bargaining. The chapter concludes with a series of specific recommendations regarding institution building, the distribution of working hours, the level of indirect labour costs, the enforcement of labour standards, and policies on retirement and minimum wage.

## Risk and Reward

Historically, risk-taking has been at the heart of entrepreneurship, and the social justification of capitalism. Although a safe return for savings has always been available in the rate of interest obtainable on risk-free investments like government bonds, returns to capital in excess of that rate — in particular, the returns to stock ownership — have historically been justified as the reward for assuming the risk of business affairs. Entrepreneurial capitalists bear the risks of loss when investments turn out badly, and they reap the rewards when business goes well. They are supposed to be the risk-takers of society.

If a country were to choose to close itself to international trade, and prohibit technological change, there would be fewer risks in doing business, since there would be much less uncertainty. Such safety would come, however, at a steep price, since technological change and the gains from international trade have

underlain much of the rising productivity that has, over the long term, produced a rising standard of living in countries such as Canada. Long ago, Canada decided that the risks of change were worth bearing.

However, because the gains and losses from technological change and the shifting patterns of international trade are distributed unevenly, and are partly borne by workers through job loss and unemployment, the welfare state has historically provided an element of insurance to ordinary Canadians. Entrepreneurs were rewarded with the profits of successful ventures, and workers received some protection from the costs of business failures. Unemployment insurance, for example, provided partial replacement of the income lost through unemployment (though never to the extent common in Europe). Canada was not alone in expanding the welfare state in the 1960s and 1970s and in some countries (e.g., Scandinavia) the social bargain has been fairly explicit. Although openness to international market forces generates very significant structural change, social cohesion has been maintained by a combination of assistance to labour-market mobility and co-insurance for individuals against the risks of loss of livelihood.

In the 1990s in Canada, however, the trend is clearly towards decreasing the social insurance role of the state. Even before the transition to "Employment Insurance", the benefits and coverage of Unemployment Insurance had been cut drastically (e.g., by 1994, Canadian UI regulations were less generous than those in New York State). By March 1997, the ratio of EI regular beneficiaries to unemployed was under 40%. The new EI regime has been forecast to cut benefit payments by a further 11 percent, compared to UI. Simultaneously, social assistance benefits in many provinces have been cut back substantially, with significant consequences for those who exhaust their unemployment benefits, or who now cannot gain access to EI benefits.

Cutbacks in social protection for displaced workers would not matter so much if the world were becoming a less risky place, or if employers were willing to offer more job security. However, neither is true. The rate of technological change shows every sign of continuing to accelerate, and it is clear from the trade statistics that Canada's dependence on international markets is increasing dramatically.

These broad social changes are important at the level of the individual workplace, because they coincide with a decreased willingness on the part of employers to assume the risks of the employment relationship. An employer who decides to keep only a core group of permanent workers, and to hire temporary workers to deal with any surge in demand, effectively downloads risk. The "just in time" employment strategy has a number of forms, such as the use of temporary help agencies, an increased prevalence of on-call working arrangements, short-term contracts and casual employment status. But the bottom line is that the worker now bears the risk of any fluctuations in product demand. As well, the Advisory Committee heard a number of personnel managers argue that although "job security is dead", workers are now expected to be responsible for their own programs of human capital accumulation. Employers whose training programs once reflected their willingness to participate in some of the risks of human capital

investment are increasingly asking employees to shoulder those risks alone. And while the increasing percentage of the members of the workforce who are self-employed includes some who prefer the independence of running their own business, it also includes a number who do not, and some who are effectively dependent on a single customer, but who are now fully exposed to the risks of business fluctuations.

Although there is a distinct trend to downloading risk, the Advisory Committee did not hear any corresponding corporate willingness to download rewards. Among the members of the business community who spoke to the Advisory Committee, there was no suggestion that more of the profits that change produces for some should be used to offset the losses that change produces for others.

However, one does wonder whether this new distribution of the risks and rewards of change will be acceptable to Canadians in the longer term. Insecurity is stressful for most individuals, and the 1990s have seen both greater insecurity and lower real incomes for the majority of Canadians. One cannot really expect the public to remain content forever with the current trend in the distribution of risks and rewards.

## Polarization<sup>17</sup>

Over the last twenty years, there has been a worrisome trend to greater polarization of earnings among men in Canada. This trend to greater inequality is due partly to the widening gap between youth and older workers, and partly to greater inequality among workers of the same age. Greater inequality in male earnings does not translate directly into greater inequality in the distribution of total family income, since the same period has seen a substantial increase in female employment and transfer payments, which have helped to maintain family incomes. However, greater polarization of annual earnings is only part of the picture, since there has also been a trend to greater inequality in job security, as firms have shifted to a core worker/contingent worker employment strategy.

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<sup>17</sup> The discussion in this section draws heavily on the sources cited in L. Osberg, "Economic Growth, Income Distribution and Economic Welfare in Canada 1975-1994," paper presented at Session 14, American Economic Association, New Orleans, January 5, 1997, mimeograph, Economics Department, Dalhousie University. In particular, see J. DiNardo, N.M. Fortin, and P. Lemieux, "Labour Market Institutions and the Distribution of Wages, 1973-1992: A Semi-Parametric Approach," in *Econometrica*, vol. 64, no. 5, September 1996, pp. 1001-1044. For surveys of the literature on the equality/growth relationship, see L. Osberg, "The Equity/Efficiency Trade-Off in Retrospect," in *Canadian Business Economics*, vol. 3, no. 3, Spring 1995, pp. 5-20, and R. Benabou, "Inequality and Growth," Working Paper No. 142, Luxembourg Income Study (forthcoming in *NBER Macroeconomics Annual*).

The US, the UK and several other countries have also experienced increases in earnings inequality over the last twenty years, and the international research literature on the subject has proliferated. It has become apparent that the trend to greater polarization is not universal, and does not always take the same shape. The US literature, for example, has noted that part of the increase in the inequality of American earnings is due to an increase over the 1980s in the differential between the average wages of college-educated workers and high school graduates. However, the college/high school wage differential did not widen in Canada over the same period. Assisted by government subsidies that kept tuition low, the supply of post-secondary education graduates in Canada increased much more rapidly than it did in the United States. In both countries, the shift to an information economy has increased the demand for highly educated workers, but in Canada increased supply kept up with increased demand, with the result that earnings differentials did not widen.

As well, Beach and Slotsve (1996)<sup>18</sup> have argued that the trend to greater polarization of earnings in Canada can be entirely explained by the trend to higher unemployment. Since an individual's annual earnings are always equal to the number of hours worked in a year multiplied by the individual's average hourly wage, the trend of inequality of annual earnings can be decomposed into the trend of inequality of hourly wages and the trend of inequality in the number of hours worked per year. Rising unemployment has increased the inequality among people in weeks worked per year, and Canada has also seen a trend to greater inequality in hours worked per week (with more people now working 50 or more hours per week, and also more working 30 hours or less).

In contrast, rising inequality in the US is dominated by a trend to greater inequality in hourly wages. This situation is due in part to the widening gap between college and high school graduates already noted, and in part to increased differentials between youth and older workers. However, recent research has also revealed that labour-market institutions have played a major role, an important factor being the erosion of the minimum wage and the declining percentage of US workers who are union members.

Over the last twenty years, Canada and the US have experienced many of the same structural trends, — rapid technological change, increasing relative importance of the service sector, a shift of employment to smaller establishments, and rapid increases in female labour-force participation, part-time employment and non-standard employment. However, unlike in the US, there has not been a long-run trend to greater inequality in total family income in Canada — at least up until 1994. Greater transfer payments in Canada, and changing demographics, have offset the increase in inequality of earned income (but it is not yet clear whether this will continue, given recent cutbacks to EI and social assistance). The rise in

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<sup>18</sup> *Are We Becoming Two Societies: Income Polarization and the Myth of the Declining Middle Class in Canada*, C.D. Howe Institute, Toronto, 1996.

inequality in Canadian earnings has also been less than in the US, because higher enrollment in post-secondary education has increased the supply of well-educated workers, and because a higher rate of unionization and more effective minimum wage laws have limited the fall in the hourly wages of low-paid workers.

These differences between Canada and the United States, and the even wider differences between North America and Europe, illustrate the importance of social choices and social institutions. There are substantial differences in the level and trend of economic inequality, poverty and polarization among advanced countries. Globalization and the technological changes of the computer/telecommunications revolution are affecting all countries, but countries differ in the choices that they make about labour-market institutions, and these choices matter.

Differences in the funding and accessibility of post-secondary education have already been alluded to, and another difference can be seen in the institutions of collective bargaining, which differ widely across countries. Canada and the United States have adopted the same basic model of collective bargaining (i.e., the legal certification of a union as the sole bargaining agent for a defined bargaining unit at a specific worksite), but over the last 20 years it has become increasingly apparent that the details of the administration of labour legislation matter enormously. There is good evidence that US and Canadian workers do not differ much in their desire for union representation, but they do differ in their ability to get it. The growth of sophisticated “union avoidance” strategies in the US has been a major trend. Such details of labour legislation as whether or not management can delay a certification vote by arguing over the details of the composition of the bargaining unit, or whether or not there is provision for the compulsory arbitration of a first contract, make a major difference in the ability of unions to organize new members. As employment shifts increasingly to smaller, service-sector establishments without a history of collective bargaining, such details become increasingly important to the trade union movement.

The reports of Alexandra Dagg and Serge Brault focus on the ways in which the legislative framework for collective bargaining must evolve to meet the needs of Canada's changing workplaces. The point to stress here is that unions have historically played a major role in improving wages and working conditions, especially for low-paid workers, and in mitigating the extent of economic inequality within workplaces and within society in general. Canada's workplaces are changing rapidly, and Canadians must choose whether or not they want that change to be in the direction of greater workplace equity.

In thinking about these choices, it is worth stressing that there is no trade-off between greater equity and more rapid economic growth. As current literature on economic growth recognizes, countries with a more equal distribution of income generally grow faster than countries with greater inequality. Greater equality of incomes among parents means greater equality of opportunity for children, which leads to more investment in human capital and a fuller realization of the potential of all citizens.

## **Education and Training**

It is clear that workplaces in Canada now demand much more education than ever before because the constant need to absorb new technologies and to react to new market developments requires a deeper base of factual knowledge and analytical skills on which constant relearning can be based. It is also clear that many Canadian workplaces now require a higher level of social skills. The greater complexity of modern technology has lead to a new emphasis on working in teams, and the trend to “delayering” has shifted responsibility and customer interaction further down the organizational ladder. These changing demands of workplaces have put new pressures on the education system to supply higher levels of cognitive and social skills.

Much has been said about the Canadian educational system,<sup>19</sup> and much remains to be said; but to keep this report to a manageable length, two obvious points bear repeating and two questions need asking.

Since this Collective Reflection is focusing on workplace issues, it is worth restating the obvious: education is about much more than preparing people for the workplace. Schools impart many habits (such as doing one's homework) and general skills (such as literacy) that are useful in a wide variety of contexts, not just at work. Schools also attempt to inculcate values (such as racial tolerance) and attitudes (such as independent thinking) for reasons that are quite unconnected to their utility in the world of work. Much of education is about preparing people for life outside work, as well as in it. There is always a danger that in focusing on the ways in which schools could improve their relevance for the work world, we may inadvertently ignore their other social functions. Although there is not necessarily a conflict between objectives (for example, Canadian schools shifted to an emphasis in early grades on group work and research projects for educational reasons, well before the value of social and research skills was emphasized in business), and although we do need to improve the analysis of educational outcomes in Canada, and to ease the transition from school to work, it is not desirable to focus the educational system solely on producing those measurable attributes that have immediate financial returns.

The second obvious point is that reforms to education are important, but they cannot possibly have a large impact on the labour market in the short term — and in any case the educational system is not the source of Canada's current labour-market problems. Even if the Canadian educational system could be totally reformed by next September, it would still be 12 years before a child entering that system graduates from high school. And since new high school graduates represents only about 2.5% of the labour force in any given year, it would be 20 years after that before the products of the new system would represent a majority of the labour force.

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<sup>19</sup> For example, L. Osberg, “The Economic Role of Education: with special reference to Atlantic Canada,” Working Paper No. 94-01, Economics Department, Dalhousie University, mimeograph.

Educational reform is important for the long term, but it cannot possibly be a "quick fix" for Canada's labour-market problems. And the source of Canada's labour-market problems in the 1990s has been an inadequate demand for labour, not an inadequate supply of training. When Alcan receives 30,000 applications for 50 jobs, the story makes the newspapers (March 13, 1997) because the imbalance is so huge, but it is just an extreme reflection of a general reality. With the exception of a few specialized occupations and a few isolated localities, there is a general surplus of job-seekers and a shortage of jobs. Although training may create skills, it does not create jobs.

However, if macro-economic policy in Canada shifts from its current focus on maintaining price stability and reducing the deficit, and instead emphasizes full employment and economic growth, there will be greater demand for the skills that education and training produce. In the long term, the secular trend to greater relative demand for highly trained labour is likely to continue. But if there is a greater demand for education and training in the future, the basic question is, who is going to pay for it?

Canadian governments have been decreasing their expenditures on education over the last few years, and there is every indication that spending on education will continue to decline (even as political rhetoric on the importance of education continues to increase). Publicly funded training is in a state of transition, as the federal government withdraws from the provision of workplace training in several provinces. It is very unclear what the training landscape will look like when the shift to provincial control is complete. Canadian corporations do not offer a lot of training compared to firms in other advanced countries, and such training as exists is typically concentrated on a few workers. Since employer-based training costs money, firms need a period of years of subsequent employment to recoup their investments in the skills of individual workers. The trend to shorter employment contracts and more contingent work implies that it makes financial sense for firms to concentrate their training effort on their shrinking core of permanent workers, rather than spreading their training effort to include their casual employees.

In the past, governments in Canada bore much of the cost of education, by completely financing primary and secondary schooling and by heavily subsidizing post-secondary education. Through the income tax system, governments also shared in the returns to education. Investment in human capital takes time, and in choosing to invest in a specialized skill, it is difficult to forecast exactly which skills will be in demand when students graduate (even with substantial research resources devoted to the effort, government forecasts of specific occupational shortages have a dismal track record). Investing in human capital always carries the risk of investment in a skill that may turn out, when the student graduates, to be in excess supply; but the old system of tuition subsidies and income taxes on subsequent income implied that those risks were partially pooled. The income tax revenues paid as a percentage of the rewards from a lucky choice of specialty were averaged with the taxes paid by the unlucky, and were used to finance the education of the next generation.

The present trend in Canada is clearly to a system of greater individualized risk, as post-secondary funding falls and tuition payments rise. Students must now be much surer of their choices of area of study, since they are now faced with the prospect of a greater debt burden on graduation. Faced with increased risk, it is rational for students to react either by "diversifying their portfolios" (i.e., opting for generalist, rather than specialist, credentials) or decreasing their level of investment. If the supply of highly educated workers falls short of the demand, Canada will see the same trend to greater polarization of earnings between the college-educated and high school graduates that has already been observed in the US. Is this really what we want, as the economy shifts increasingly to the production of knowledge-intensive services?

The second major question is: "What happens to marginalized workers"? It makes financial sense for corporations to concentrate their internal training efforts on those employees whom they expect to retain for some years; hence they now make promises of job security to fewer of their workers. "Just in time" workers cannot expect to receive training from their occasional employers. Yet it is clear that the technology in use at workplaces will continue to change rapidly, and government training programs have long been criticized for being out of touch with the needs of actual workplaces.

Even if governments expand their training efforts (which does not seem likely), it is far from clear that this effort could fill the needs of those who are caught in a cycle of short-term jobs. It is facile to say that workers themselves must now assume responsibility, if they have no feasible access to the means to do so. What exactly will Canada do to forestall the likelihood of increased polarization of training opportunities?

## Collective Bargaining

Canadian society still has, in my view, enough social cohesion to enable a useful dialogue on workplace change to occur — but that does not mean that it always will have. A substantial fraction of the population has experienced falling real incomes and rising insecurity over the 1990s, and feels that the future will be no brighter for them or their children. In repeated polling, less than half of Canadians have been willing to disagree with the statement, "I feel I have lost all control over my economic future." However, it is also common to encounter senior government policy-makers and corporate decision-makers who are either unable or unwilling to perceive the negative aspects of workplace change. When there is a top-level tendency to deny that problems exist, the people affected need some mechanism to ensure that their concerns receive attention.

As has already been noted, collective bargaining has in the past been an important check on the tendency to increased economic inequality and an important limit on the abuses that can come with structural change. However, unions must continuously be recruiting new members, since structural change creates a constant turnover of firms, and the opening and closing of establishments always

affect some fraction of union membership. As the economic structure shifts towards smaller, service-sector establishments, organizing the unorganized has become increasingly difficult.

As well, in firms that have shifted to a managerial model of flat teams and worker empowerment, unions are being asked to participate in “managerial” decisions to a new extent. Union leaders are being asked to agree that old adversarial relationships at the workplace are passé, but they can easily observe that they are not being asked whether they agree to important changes to labour law in provinces such as Manitoba and Ontario, and they know that some major employers (e.g., most of the chartered banks) remain implacably opposed to unionization. Much of the trade union movement therefore remains deeply cynical about new modes of workplace cooperation, and ever vigilant against management attempts to go “union-free”.

An effective dialogue on workplace change requires that some party represent the interests of workers. Effective exploitation of the full potential of new technologies at the workplace requires a new level of workplace cooperation, which is less likely to happen if unions feel their existence to be constantly under threat. Collective bargaining tends to reduce workplace-based economic inequalities and to improve the pay and working conditions of employees, especially the low-paid. All changes to federal labour law — such as the establishment of the right to compulsory first-contract arbitration — which would tend to reinforce the role of collective bargaining in ensuring that workplace change has positive outcomes for workers.

## The Tunnel-Vision Disease — An Overarching Problem

Canada’s changing workplaces are important to people, and not just because Canadians spend so much of their waking time there. Having a job is psychologically and socially important to most people’s sense of identity. The workplace is an important source of many friendships and personal contacts, and the type of job that people have largely defines their status, and determines the time and money that they have available for the rest of their lives. The impacts of workplace change are therefore spread over many aspects of life, and the causes of workplace change are as complex as their consequences. Workplace change in Canada is being driven by the interaction of broad technological, economic, social and political trends, each of which has many layers of complexity.

Since workplace change in Canada is a broad issue, touching many areas of social and economic life, an overarching problem in dealing with it is the disease of tunnel vision, which affects government, business and labour alike. With a narrow focus and a determination to defend their own turfs, “stakeholders” in workplace change tend to focus on their own particular constituency’s angle on the issues. But in looking at only part of the problem, it is easy to ignore the fact that many aspects of workplace change are not inherently “good” or “bad,” their impacts depend very much on their context.

Unemployment, job insecurity, low wages and workplace stress are all vitally important social issues that are linked to workplace change. However, the social impacts of workplace change depend not just on *how* the workplace changes, but also on *who* is affected, and what their circumstances, preferences and available options are. For example, college students who are returning to school in the fall are not bothered by their summer job's short duration and lack of promotion possibilities — but job insecurity and career options do matter once they have graduated. Joblessness or low-wage work — or volunteer work at zero wages — can be quite acceptable for those retired people who can depend on an adequate pension, but unemployment and low wages are disastrous for younger households, especially those with children. Some people prefer part-time work to full-time work, but others would like to have had a choice. Since workplace change affects all these dimensions of jobs, but the context is so crucial to what its impacts on people actually are, it is essential to think about how the context may change.

Human Resources Development Canada has the responsibility for workplace regulation and labour legislation in the small minority of workplaces under federal jurisdiction, and its mandate therefore covers the federal government policies that regulate change *within* those workplaces. However, just about every aspect of how the workplace changes internally is conditioned by what is happening outside the workplace — in particular whether jobs are scarce, or workers are in short supply.

When workers are scarce, firms have to be sure that the adjustments they make to their workplace practices are the type that keep their jobs attractive, because workers get to choose among labour-market options. In a labour shortage economy, workplace change is much more likely to have positive impacts, if only because people can quit the jobs where workplace changes affect them negatively, and find something better. But when jobs are scarce, workers have to put up with what is available. Even if they do not much like the new working hours or the change in job duties or the level of stress, they feel they have no choice but to stay; and their union (if they have one) may find it difficult to protect their interests, because there are plenty of replacements available. In determining the range of options available to firms and individuals, and in conditioning collective decisions on pay, job security and worker rights, the unemployment rate is the single most important variable influencing the social impacts of workplace change. However, although the level of aggregate demand for labour is a crucially important context to workplace change, the major government policy that affects aggregate demand — interest rate policy — is firmly under the control of the Bank of Canada. The Bank has stated repeatedly that its focus is solely on "price stability", with no attention paid to labour-market outcomes.

The impacts of workplace change also depend on the skills that individuals bring to the labour market, the social supports available to those displaced by change, and the extent of workplace regulation. There are many agencies with turf to defend at both federal and provincial levels. Education in Canada is the responsibility of provincial Ministries of Education, but there has been a significant federal role in training (now in the process of transition). Employment Insurance is clearly a federal responsibility, but people who exhaust their benefits

may have to look to provincial governments for social assistance. Most workplaces in Canada are subject to provincial labour and safety legislation; although the federal government's tax collection role gives it a potentially important lever in employment standards, Revenue Canada does not see this as part of its mandate. The issues raised by workplace change in Canada touch a wide range of the responsibilities of government, but each agency of each level of government tends to have its own agenda.

Business also has the problem of tunnel vision. Although it is entirely appropriate for business to focus its attention on wealth creation, it is not smart business to think only short-term. Downsizing may appear to be the immediate answer to adjustment problems, but business should not take for granted the commitment and worker loyalty that it earned during the times when firms made job security for long-serving employees a priority. If business really is successful in inculcating the idea that "job security is dead" and that people can, at most, now hope for "career security" in a sequence of jobs, a whole new set of management problems will have to be faced.

Employees whose main loyalty is personal or professional, rather than organizational, cannot be expected to produce the same level of effort unless they can be convinced that it is in their own immediate interest to do so. Organizations that depend on proprietary technology cannot expect individuals to want to invest in a skill that may not be useful to other potential employers. In a rapidly changing global marketplace, quality is both critical to success and constantly shifting in practical definition. Employee skills and motivation are crucial — but it is not clear how many firms are looking at the long-run implications of their short-run decisions. Also, business groups that lobby against collective remedies for workplace issues, such as health and safety, do not seem to recognize that if they are successful in their efforts, they may well end up with an even bigger headache, in the form of a greater role for the court system and more individual litigation for redress.

Tunnel vision in the labour community is no less an issue, but here it tends to reflect a determination to defend hard-won gains (whatever the current rationale) in an environment where labour feels itself under attack on all fronts. If the trade union movement felt its position to be strong, it might insist far less on defending the inviolable sanctity of signed collective agreements, since there would be more likelihood that changes to such agreements would be to labour's advantage. The weakness of organized labour is partly due to a high unemployment environment, but there is also the knowledge that employers in the US have eliminated collective bargaining from many worksites. Since it is likely that a significant proportion of the Canadian business community would prefer to operate in a US-style "union free" environment, unions necessarily filter proposed workplace changes through the prism of their possible impact on the survival of the trade union movement.

Tunnel vision on the part of stakeholders and an increasingly polarized discourse make it difficult for affected parties to see their common interests. In a constantly changing world, the problems with Canada's changing workplaces are multi-dimensional and constantly mutating, hence solutions must also be subject to constant adaptation and renegotiation. One over-arching recommendation is, therefore, to build institutions — to make a new effort to establish forums of ongoing consultation to deal with the many issues raised by workplace change.

If consultation is to be effective, the diversity within each broad constituency will have to be recognized, including the diversity within government: there is little point in getting Human Resources Development Canada to agree that full employment is desirable, if Finance and the Bank of Canada disagree. Government must also be willing to commit some resources. If forums for ongoing consultation are to build an informed dialogue, a better statistical fact base is required — hence statistical initiatives such as Statistics Canada's Workplace and Employee Survey will need funding. As well, since labour and management will only really take consultation seriously if they can expect that it will ultimately result in some concrete decisions, government must be willing to share its authority, as part of the price of building labour/management consensus. Although a great deal has been written about the need for worker flexibility in the new economy, flexibility at the top levels of government, business and labour has received less attention. However, the countries that have done best at the workplace level to combine social equity and economic growth are also those that have found a way to form a flexible social consensus on framework policies for workplace change.

## A Level Playing Field in Working Hours

A major issue identified by many of the contributions to the Advisory Committee is the increasing inequality of working hours in Canada. Although the overall average of hours worked by all employees has not changed much in recent years, an increasing proportion of employees are working more than 50 hours per week, and an increasing fraction are also working less than 20 hours. It has often been argued that public policy plays a major role in creating incentives that encourage firms to work some full-time employees extra-long hours, and that simultaneously public policy creates incentives to maintaining a class of part-time workers with relatively few fringe benefits.

The design of payroll tax-based programs such as Employment Insurance and the Canada Pension Plan now encourages firms, when they need more labour, to increase overtime hours rather than hire new employees. Employer premiums for EI are payable only until workers reach maximum insurable earnings, and employer premiums for CPP are payable only until maximum yearly pensionable earnings are reached. Above those thresholds, each additional hour of work costs the employer nothing in payroll taxation. Payroll taxes, like employer-paid fringe benefits (e.g., supplementary health insurance) are then a lump-sum cost per employee, which can be spread over more hours of employment, hence the benefit

to the employer of a longer work-week for covered employees. Government also implicitly encourages businesses to pay part of employee compensation in the form of such fringe benefits by exempting their value from income taxation.

On both equity and efficiency grounds, it would be desirable to level the playing field. We do not allow, much less encourage, employers to pay different compensation packages to individuals of different ages, and we should not create government policy incentives that encourage different packages for full-time and part-time workers.

Two aspects are important — payroll taxation (CPP and EI) and employer-paid fringe benefits. A level playing field in fringe benefits would be more likely to occur if there were no tax subsidies to employee benefits packages, i.e., if the federal government were to fully tax all employer-paid fringe benefits as taxable income in the hands of employees. However, since this would have large impacts on pension plans, a less radical policy would be either to (a) tax only some fringe benefits as income (e.g., supplementary medical benefits) or (b) exempt from taxation as personal income those fringe benefits that are now exempt from taxation as personal income (chiefly registered pension plans and supplementary health insurance) and whose coverage is automatically extended on a pro-rated basis to all employees at firms' worksites. The basic objective is to ensure that employers would not have a tax-subsidized incentive for concentrating employment hours on existing employees. (It might be noted that any such reform would produce increased income tax revenues; but to avoid accusations of a “tax grab,” such revenues could be refunded through a cut in the base rate of income tax — and many public finance economists have argued for years for a tax system with a broader base and a lower rate.)

On the payroll tax side, the bias to concentrating additional employment hours on workers who have already reached the ceiling on payroll taxes would be much reduced if those ceilings were increased. Most European countries insure a much more substantial fraction of earnings than Employment Insurance now does (indeed, in the EI reforms, maximum insurable earnings were actually cut). In today’s climate of economic insecurity, it is perverse to decrease the extent to which individuals can insure their incomes against hazards.

A 50% increase in maximum insurable earnings for Employment Insurance would reduce inequality in the distribution of total income and would reduce the insecurity that the middle class now feels. Because the probability of unemployment is lower for better-paid employees, increased premium income would outweigh the increase in EI benefits, and the net effect of increasing maximum insurable earnings would be to decrease the federal deficit. However, since the EI fund is already running a substantial surplus, accusations of a “tax grab” would be avoided if the increased net premium income from increasing maximum insurable earnings were refunded in the form of lower EI premiums — which would have the added effect of decreasing the payroll tax impediment to job creation.

A similar increase of 50% in yearly maximum pensionable earnings under the Canada Pension Plan would also have positive revenue implications, but in the CPP case, it could be argued that the increased premium income should be used to increase the funding of the CPP. Since a great deal of anxiety has been recently created concerning the funding of the CPP, greater public confidence in its solvency is worth achieving. More fundamentally, however, the CPP as it is now designed replaces relatively little of most people's earnings in retirement, compared to most other public pension plans (e.g., US Social Security). As things stand in Canada, private pensions cover less than half the retired population, in part because benefits are frequently lost when workers change jobs before vesting. Since the work world is moving in the direction of shorter-term job attachments, the portability of the CPP is an important reason why it should play an expanding role in maintaining the old-age security of Canadians.

Such changes in financial incentives would only nudge employers somewhat away from the current practice of allocating excessive overtime to existing employees, while often denying fringe benefits to part-timers. Scheduling issues, the costs of training and the uncertainties associated with new employees are all important factors influencing the distribution of working hours within firms. However, the changes urged above: (a) would not increase the federal deficit, (b) would reduce inequality in the distribution of working hours, (c) would increase the effective "social insurance coverage" that EI and CPP now provides to members of the labour force, and (d) would not impose on employers any additional regulatory burden.

As many of the contributors to the Advisory Committee's Web site have noted, there is something irrational about a society organized in such a way that many people feel over-worked and stressed out, while many others are underemployed or unemployed. There are an increasing number of Canadians working long hours, in a family context where both parents typically work outside the home. Although it was common a century ago for employees to work ten-hour days for six days each week, the total supply of the family's time to the paid labour market may well have been less than that of two parents who now both try to keep full-time jobs. The design of jobs has, in many instances, been slow to adapt to the changing family context of workers and the enduring needs of families.

When the issue of "Working Time and the Distribution of Work" was examined by an Advisory Committee to the Minister of Human Resources Development in December 1994, it was recognized that although there might be many benefits to a four-day work week, it would be a very bad idea to try to impose such a schedule on a diverse labour market. That Advisory Committee opted instead to urge business, government and labour to place more emphasis on working-time issues in their negotiations and workplace decision-making.

However, it might now be desirable for the federal government to take a more active role — indeed to act as a role model, and to demonstrate in its own operations the feasibility of a four-day work week. By combining a four-day work week with increased flexibility in the timing of those working hours, the federal government might well be able to demonstrate that it can provide better public

service, and at the same time enable its employees to pursue a better quality of life. Since the work-week norm is as much a social institution of shared expectations as anything else, practical demonstration of the feasibility of a four-day work week might well help to initiate a broader social change — or, at the least, to provide a broader menu of working-time options in the labour market.

## Indirect Labour Costs and Workplace-based Social Benefits

At a time of high unemployment, employer groups are rightfully concerned about government policies that might increase their average labour costs. At a time of stagnant wages, trade unions are legitimately concerned with increasing their members' take-home pay. Indirect labour costs in payroll taxes and employer-paid fringe benefits are the wedge between the average labour cost paid by employers and the average wage received by employees. It has been argued in the above section that it is appropriate for governments to structure payroll taxes so that employers and employees face a fair choice between overtime, fulltime and part-time work, rather than tilting the balance of payroll tax incentives towards excessive overtime or part-time work. However, payroll taxes are only part of the issue, since the cost of employer-paid fringe benefits is often significantly larger than the impact of EI and CPP premiums — and government policy has a significant influence on how large fringe benefits are, expressed as a fraction of total employee compensation.

As the UN Universal Declaration of Human Rights has recognized, security in the event of unemployment, sickness, disability, old-age or other loss of livelihood is a basic human need. Societies can choose to provide for these needs as broad rights of citizenship, in fact many authors have referred to the package of health insurance, unemployment and disability benefits, and old age pensions as "the social wage". Alternatively, providing protection for these risks can be left to the private market, in which case they typically become employer-paid fringe benefits. Risk pooling, administrative savings and tax advantages mean that privatization of social insurance shifts the locus of the delivery of insurance against such risks to the workplace.

When entitlement to social insurance benefits is tied to employment with a particular employer, the employees of small business tend to be at a disadvantage (in part because of the higher costs of administering benefit packages at small workplaces). As well, workers who frequently change employers face continual problems in the comparability and continuity of coverage. As the American experience with employer-paid health insurance demonstrates, the result can be a very expensive system, with the equity disadvantage of incomplete coverage and the efficiency defects of substantial impediments to labour mobility and excessive program administration costs. As non-standard employment and the number of short-term jobs increase, workplace-delivered social benefits become increasingly unsatisfactory.

The problem is that Canada is quietly drifting in the direction of privatization of social benefits. The deficit problems of government, a general political tendency to prefer private to public solutions, and the self-interested pressure of lobby groups are all combining to chip away at the effective protections of publicly provided social insurance. In the new labour market of the next century, the private-sector alternative is likely to be inequitable and inefficient by comparison. However, people do need some sense of security in their lives, and the social insurance role of government requires a strong public defence.

## Enforcement

Although the federal government's labour legislation applies to less than 10% of the Canadian workforce, the federal government is far from powerless in labour issues. Through its administration of tax law — corporate income tax, personal income tax and the GST — the federal government touches directly every corporation in Canada. When work that was classified as "employment" becomes reclassified as "self-employment", there are a number of tax implications. For example, the self-employed can write off against taxable personal income the costs of employment in a way that is not available to the employed. The self-employed routinely deduct the out-of-pocket expenses of a home-office (plus a fraction of mortgage and utility costs), the expenses of travel to work and business related books, clothing and tools from "self-employment" earnings. Even if all self-employment income is actually reported and even if all claimed expenses are genuine, the trend to self-employment implies some erosion of the personal income tax base.

Where individuals are really running independent businesses, by selling their services to a number of clients and retaining control of their own tools and the timing and direction of their own work, self-employment status is perfectly legitimate. However, where the individual has essentially one client, who effectively exercises managerial control over the nature and timing of the work, it may be more accurate to see the person as a "disentitled wage labourer" rather than as "self-employed".

Canadian taxpayers have a legitimate interest in maintaining the integrity of the tax base, since higher tax rates for those who remain employed are the inevitable consequences of greater tax exemptions for the self-employed. Canadian workers have a legitimate interest in ensuring that employment standards developed over years to protect the interests of employees (e.g., minimum wage laws, health and safety regulations) are not being quietly eroded by the relabelling of the legal status of some workers. Canadian firms that respect the intent of existing legislation have an interest in preventing unfair competition. In practice, Revenue Canada could play a much more aggressive role in ensuring that the legal form of self-employment reflects the practical reality (as the Internal Revenue Service of the United States has already begun to do) — and it should do so.

## Working Life — Starting and Finishing

It is time for Canadians to start thinking seriously about “retirement”. Why did Canadians ever think that it made sense to work full-time, full-year from age 18 to 65 and then shift abruptly from 100% work to 100% leisure? Does this model now fit human needs and the reality of labour markets as we approach the new millennium? Can we think of a better model?

With an increasing life span and better health, the current average retirement age of 60 means that Canadians can expect a further 25 years of healthy life with no clearly defined social role or function. With the baby boom generation now turning 50, a significant proportion of the population is starting to take the issue of retirement seriously. However, in looking at how things now work and how one's choice of workplace affects one's retirement years, it is clear that there are great inequities in “retirement”. For example, the indexed pension for life received by early retirees downsized out of the civil service contrasts sharply with the dismal prospects of many people of the same age laid off from the private sector. To this inequality in old age security one must add the fundamental inefficiency of a system that discards capable and healthy workers so early in their lives, and concentrates so much stress on those just a few years younger.

Clearly, a serious discussion of retirement issues must include consideration of the adequacy of Canada's public and private pension and old-age security system — and the adequacy of its funding — but one also needs to take the discussion beyond income issues. The multiplicity of private and public pension plans means that the design of pension entitlements is clearly complex, but consideration should be given to how personnel and pension policies might be compatible with a tailing off, rather than an abrupt cessation of, work by older employees.

As well, the growing number of active retirees offers the potential to build a new dimension to Canada's social economy. There are many pressing social needs in Canada today, and there will be new needs as the population ages. But it may not be possible to fill those needs if we stick to a model in which government provides services through the employment of paid labour and in no other way. Since paid services for an aging population are (a) likely to become increasingly financially unfeasible, and (b) probably not the best way to deliver caring services, government should seek ways to reduce the impediments to, and encourage the growth of, the “social economy” of voluntary community self-help organizations.

Many seniors have had enough of a clearly defined job, appreciate the flexibility of voluntary organizations and, if their pensions are adequate, care more for the intrinsic satisfaction of what they do than for any payment. Many young adults, on the other hand, would dearly love a “real” job, dislike the insecurity of a succession of short-term contracts, and need a good wage if they are to start raising a family. The labour standards — such as minimum wage — which are not entirely necessary for those finishing their working life, are essential protections of the interests of those starting out.

At the same time as Canadians are thinking about retirement, we should also be thinking about those who cannot find a way to start in the work world. Canadian young people have borne much of the brunt of workplace change, because they have not had the protections that seniority has provided to the pay and job security of older workers. Their unemployment has risen, as unemployment has risen for the population as a whole, even as the relative numbers of youth in the population have fallen. They are disproportionately affected by the trend to short-term and casual employment, and many young people are worried that after a lifetime of low-wage, insecure work they will have little in pension income to look forward to.

For the youth labour force, an especially clear tendency has been a decline in average real wages. Youth are substantially over-represented among those at or near the minimum wage. Also, youth have been negatively affected by the increasing insecurity of labour-market outcomes. However, it is not easy to design, or enforce, optimal regulation of such qualitative dimensions of workplace change as the type of employment contract that an individual has, or that individual's degree of job security. The structural changes in labour demand that have fuelled the growth of non-standard employment have created a diversity in the circumstances of employment situations, making regulation very problematic. However, one thing that could be done would be to pay better wages. There is a great deal of experience in the administration of minimum wage laws, and it is clear that they significantly improve the pay of covered workers. Since recent work in labour economics indicates that the disemployment effects of raising the minimum wage are rather small, while the impacts on income can be substantial, an increase in the federal minimum wage would be of substantial benefit to youth, and to poor Canadians in general.



### Introduction

I propose to explore the way in which the changes that are affecting work itself may also change three features of workplace relationships. The areas I will explore are:

1. The way the workplace has been used as a vehicle for employees to secure protections for themselves and their families through insurance programs, pensions and similar benefits, and the way in which this could change given the new realities of work and the new opportunities afforded by technology.
2. Skills needed to be an effective employee, in a satisfying yet innovative and competitive workplace, how we influence the acquisition of those skills through our workplace practices, and the role that employees' organizations might play in skills development.
3. The techniques we use for administering workplace legislation and how to use the opportunities created by new technology to improve the quality, accessibility and effectiveness of our workplace legislation while reducing its unnecessary burdens.

These subjects, apparently disparate, are interrelated. The decline in secure lifetime employment means that we must focus on new, more flexible and more portable forms of third-party benefit schemes. An employee's security will come less from affiliation with a particular employer or corporate entity, and more from that person's acquired skills. These trends suggest a move to sectoral employee organizations as a suitable vehicle for such programs.

Most people, whether union or non-union, employee or employer, academic or student, appear to accept that skills acquisition, lifelong training and flexibility will be hallmarks of the new economy. Within a lifetime, employees must expect to experience several changes of employment and therefore several employers. We need improved portability and recognition of workplace skills as employees move from one job to another. Here again, effective employee organizations may be the key to finding workable solutions. The practices we use for workplace representation and for resolving workplace disputes are, themselves, an influence on other workplace practices. The skills learned in resolving workplace disputes influence our ability to perform work itself, and vice versa.

The techniques we use for enforcing legislation have a particular historical basis. Technology affords new opportunities for improvement in this area. More importantly, our present practices are too inefficient for both labour and management, and tend to perpetuate old styles of command and control management. This may be counterproductive to the type of workplace both labour and management say they need to work towards.

We have spoken of changing realities and enduring needs. I will begin by listing what I believe are enduring needs for Canadians who engage in (or hope to engage in) work.

### ***Compensation***

Most people see work as the way to look after their material needs. Virtually everyone has additional motivations for working, but “cash-in-the-jeans” to pay bills, feed families and meet day to day needs ranks as the primary motivation.

We cannot ignore the fact that unpaid work remains a major factor in our society. We are increasingly expecting the young to volunteer to get experience as a precursor to employment. Those who have withdrawn (voluntarily or not) from the workforce at the end of their careers have a lot to offer as volunteers. Cutbacks in public services and funding for social agencies are forcing certain responsibilities (care of the aged for example) back onto volunteers, particularly women. However, even volunteers have an enduring need for some monetary resources and protections to sustain themselves.

### ***Personal and Family Security***

Workers have an enduring need for security against the vagaries of life, both for themselves and for those who depend upon them for support. Working for money almost always results in the need for some protection against the possibility that employment, and thus income, will dry up. This may be due to illness or disability, death (leaving dependents unprovided for), dislocation due to downsizing, relocation or bankruptcy. Or it may be due to the loss of an individual job due to changes in skill requirements, arbitrary dismissal, or one of the many other reasons people get fired.

Similarly, workers with limited incomes and limited savings have an enduring need for protection against sudden demands upon their income for things like major health care expenses. Lastly, there is the enduring need to provide for income in old age.

We have developed many programs and techniques, some universal, some group or workplace based, and some individual, to meet these needs. No matter how the workplace changes, and no matter the technique for achieving the protection, the needs endure.

## ***Representation and Advocacy***

A belief in fairness is one of the hallmarks of the Canadian psyche. Generally, despite the hard-nosed amongst us, we believe that people should not lose their work arbitrarily, and that the conditions of work ought to be protected from at least the worst forms of abuse. With the exception of individuals with scarce or unique skills and except in times of low unemployment (the likes of which have escaped us for many years), individuals at work are generally in an unequal relationship vis-à-vis their employers. This situation creates the need for advocacy and representation.

Our protections against arbitrary treatment rarely work automatically. Some individuals can voice their views and invoke their remedies, but many cannot, because our laws are complex, skills are limited (or specialized), and procedures foreign. Even if individuals could all “stand up for themselves” in workplace differences, the feeling of fairness often requires that there be someone available to provide advice, comfort and support in times of difficulty. The availability of representation is important to protect the general feeling of fairness and security. It reassures us to know, as employees, that help is available if we need it, even as we hope that we will not need it. While we can debate the form that advocacy and representation for workers should take, they are both enduring needs.

## ***Access to Opportunities***

Workers need access to jobs. They need access to avenues of advancement, and they need access to the resources that can facilitate that advancement. Real access requires more than just the chance to apply. It means the recognition of past achievements and qualifications, the removal of artificial barriers like discrimination, and access to the resources necessary to seize upon opportunities (such as support for retraining or open and accessible public education). Access also requires a flow of information on what opportunities exist and how to pursue them.

We have already discussed some of the changing realities. We are seeing radical changes in the way work is organized within the workplace. We also see a shift from single corporate employers (or government employers) towards looser networks of employers, with enterprises increasingly consisting of a series of interdependent entities. We are seeing less long term job security with an individual employer and more use of non-traditional forms of work and compensation. At the same time we have both the pluses and minuses of new technology. We have vast new opportunities for communication and for marshaling and disseminating information. Many of the tools, programs and structures we used in the past to meet the enduring needs of workers grew from and depended upon full-time long-term employment. At the same time, some of those tools, programs and structures were built the way they were because we lacked the technical and communications ability to structure them any other way. The convergence of new technology and changing workplace realities offers opportunities to satisfy enduring needs in creative new ways.

## The Structure of Employee Representation

Much has been written about changing corporate structures. Less attention has been paid to similar changes within the trade union movement. Perhaps thinking of it as a “movement” makes us lose sight of the organizations within. Trade unions, like other social institutions, change with the times and with the challenges they face.

Trade union structures have been and continue to be profoundly influenced by our labour laws. Canada’s adoption of the American *Wagner Act* model has been the single biggest influence on how most trade unions organize and how they structure themselves. There are three key influencing features of the *Wagner Act* model are these. First, a union wishing to represent employees (or employees seeking a union to represent them), must organize on an employer-by-employer and often on a plant-by-plant basis. This is because our laws (by and large) only provide opportunities for certification based on an appropriate bargaining unit of the employees of an employer. Our laws thus encourage enterprise based trade union activity.

Second, the right to represent employees is based on the acquisition of majority support within a bargaining unit. This “constituency based” election system, with the winner getting bargaining rights and the loser getting nothing means that the minority of employees within a bargaining unit who do not want the union are nonetheless bound to its representation. Conversely, any minority of employees in non-union enterprises who do want union representation must remain without it with respect to most of what they do. Very few laws grant trade unions any right to represent employees other than those in organized bargaining units.

Third, once a union gets bargaining rights for a unit of employees, it is usually able, through laws supportive of unions, or through bargaining power, or some combination of the two, to secure a dues check-off arrangement that provides the union with a steady source of income. Unions in Canada have to spend little of their time as an organization soliciting funds from their members. That important but tiresome task is rendered unnecessary after the original organizing campaign and once a collective agreement is obtained. Trade unions have not, as a result, developed the same expertise as political parties, lobby groups, religious groups or consumer organizations in the areas of fundraising, selling voluntary memberships and supporter contact.

It is not that unions are incapable of these activities, it is simply that, with the competing priorities for their resources, the check-off mechanism in organized bargaining units has allowed other matters to take priority. As a result, few employees outside of organized workplaces belong to either a trade union or any other form of employee organization. This void is filled somewhat by advocacy groups for women, and other groups for the unemployed. However, given the prevalence of interest groups in Canada, workers (beyond the organized) are not as represented as other classes of citizens.

In the public sector, our labour laws have had an even greater influence on union structures. For public employees, health care workers, educators and workers in essential services like police and fire our labour laws have virtually dictated how unions must structure themselves. They include explicit rules governing appropriate bargaining unit configurations and sometimes governing the identity of the bargaining agent itself.

Our laws, when invoked, often force Unions to change structure. For example, the Canada Labour Relations Board's decision to decrease the number of appropriate bargaining units in the CBC, in Canada Post and in the railways virtually predetermined the structure of the unions that would emerge to represent the employees in those new units.

The same laws that encourage unions to structure themselves around enterprise based bargaining units also force them to respond to any changes that occur to the structure of those enterprises, and this is as true of public enterprises as of private. And both are experiencing major change. A subtext of this commentary is the question of where these changes may take Canadian unions.

Not all trade unions are the same. The building trades, the last of the big craft unions, maintain a significantly different form of organization. Craft unions reflect the apprenticeship based trades training system. People who apprentice as carpenters tend to join the Carpenters Union. Construction work is predominantly short term, project based work. This has encouraged unions to develop and employers to utilize the hiring hall. For employees and employers alike, the Union has been the pivotal source of work and labour supply. This is changing in some areas as employer groups, particularly those with sophisticated database systems and training facilities, are able to replicate the hiring hall function and achieve their own pool of available labour.

The short term nature of most construction work has also led to craft unions providing a whole series of services for members that, in industrial settings, would have been provided by the employer. These include training opportunities, pension benefits, disability insurance and health and welfare coverage. In this industry the impermanence of the employer-employee relationship has led to a "union based" rather than an "employer based" focus for the provision of benefits. Employers still contribute to these benefits, usually by a percentage or cents-per-hour contribution to a trusteed plan of some kind. However, a side effect of this practice, which some employer groups such as "merit contractor" organizations have realized, is that it increases the employees' allegiance to their union and can lessen their allegiance to the employer. The source of benefits is not a benign factor. It can influence unionization rates. Employees may be unwilling to "work non-union" for fear of losing benefits accumulated within union plans. Conversely, employers offering these benefits believe they can secure greater employee loyalty.

While I have focused on the construction trades as the prime example of the craft style union, the same is true in the cultural industry, for musicians, film-makers, actors and others. Again, the key features is the transient relationships with employers, with the union connection providing continuity of affiliation and, through that, continuity of services and benefits.

Another feature of trade union organizations merits comment. While most trade unions' core activities are organizing, bargaining and servicing employees through grievance processes, this is by no means all that they do. These activities are core partly due to funding. That is what employees expect in return for their dues. But trade unions have historically involved themselves in other activities on behalf of their members, on behalf of the wider employee community and indeed, on behalf of the community as a whole through social advocacy.

Some of this activity is avowedly political, expressed through union support for particular political parties. Unions have historically advocated for, and often achieved, legislative change to promote the interests of workers. This has sometimes brought mixed blessings for trade unions themselves. Some argue, for example, that the incorporating of "just cause" provision for all employees into employment standards legislation (like Division 14 of Part III of the *Canada Labour Code*), while increasing equity for the unorganized, also reduces the attractiveness of union representation.

Other legislative advances have generated work for unions to do without providing them any additional resources with which to handle that work. For example, unions have been on the forefront in pushing for improved occupational health and safety, employment insurance and human rights legislation. Representing employees in EI or OHSA or human rights processes takes time and resources. None of that legislation provides any source of revenue for unions, even though they undertake a lot of work to make the processes effective.

At this point, one may properly observe that much of this workplace legislation is universal, applicable to unions and non-union employees alike. As a result, one may note, it has often been designed to allow employees access without the need for legal or union representation. This is only half true, because much of this legislation has been less accessible than it might be (something we will return to below). More importantly, much of this accessibility was originally designed using inspectors, claims offices or adjudicative processes, the cost of which is becoming increasingly difficult for governments to sustain. Hence we have human rights commissions with open door access policies. However, behind these open doors stand backlogs that effectively deny progress once the threshold has been crossed.

Another important area of trade union activity is that of worker advocate. Trade unions have so often taken their lobbying to the openly political level that we tend to lose track of the fact that they are also a very effective lobby group, every bit as active in the halls of government as the Chamber of Commerce, the tobacco lobby or the Canadian Automobile Association. However, while organized labour lobbies consistently for all labour, it is funded primarily by organized labour, and

does not get much additional financial support from the unorganized, not even from potential union supporters who work in unorganized workplaces. Thus, in a broad sense, unions are representing employees in matters beyond collective bargaining, and are representing employees beyond those for whom they collectively bargain.

More recently, unions are also facing demands for a more intense and costly form of representation within bargaining units. Employers are facing radical changes. As they move to leaner structures, reduce the number of managers and compress the workplace hierarchy, team management, joint decision making and other participatory processes replace former “chain of command” structures. Unions are invited to participate more fully in workplace governance. While this often reduces the “you discipline — I’ll grieve” style of labour management activity, it increases the effort that union representatives expend on making these new collaborative processes work. Collaboration in things like training and safety, while welcomed by most unions, take time and resources to be effective. Cooperative labour management relationships can strain union resources.

What emerges is a familiar picture. Unions, like the public and private employers they deal with, are faced with the challenge of “doing more with less”.

While some may see it as crass to look at trade unions as enterprises or revenue generating organizations, it is unwise, when looking at the role that trade unions will play in the new economy, to ignore their financial base. Trade unions, or any other employee organizations, to be effective, must generate resources to cover their operating costs. What they are able to accomplish will be, at least substantially, dictated by their sources of revenue. Public policy has recognized the value of unions in their present representational roles (organizing and representing the organized in contract negotiation and administration) by making trade union dues tax deductible and by giving more or less legislative support to closed or union shop provisions, “Rand-Formula” arrangements and check-off declarations. If unions must change in order to meet new demands of a changing economy and to fulfill new needs, new public policy choices have to be made about if and how to support this trade union activity in tangible ways.

We will return to this issue — the future role of trade unions and employee organizations — after looking at the question of employee benefits.

### ***Employee Benefits in the Age of Insecure Employment***

There is more to work than a simple monetary exchange, and the individual pay packet has, for a long-time, involved more than simple cash. At this point I will simply acknowledge the social aspects of work, and turn my attention to the other tangible benefits.

Work has for many years been the vehicle through which individuals seek social security. By this I mean that work, in addition to providing basic income for the necessities of life, usually offers some protection against unwelcome or unanticipated change in income. This was true not only for the individual worker, but also for the worker's family as well. Indeed, it is changes in the structure of families that has provided much of the impetus for some of the changes and complications in our compensation systems as the male breadwinner with a wife and two children as dependents has ceased to be the typical employee.

A few examples will illustrate how security has been tied to work. The first unwelcome contingency is injury and disability. We provide for workplace injury protection (at least in the more dangerous jobs) through mandatory workers' compensation. We provide for illness and other injury or disability protection through group based insurance schemes and sick leave plans, again tied to work. We have no equivalent schemes for students or house parents or the unemployed even though injury may well disable them from the future work they plan to undertake. The costs of pharmaceutical, vision and dental care, as well as supplemental medical care, are provided via group benefit plans available through work. By and large, if people do not work, they do not have these protections, at least, not to the same extent and certainly not at so attractive a price.

Work is not the only source of social security, and individuals can make other arrangements. Many carry life insurance independent of their work. Long term disability, medical, and dental and similar plans are available, but often at prohibitive costs. Registered Retirement Pension Plans offer an alternative to workplace based pension arrangements. There are also universal plans. The Canada Pension Plan and Employment Insurance, while work oriented, are portable semi-universal arrangements. Other welfare systems and our medicare systems are universal. Medicare particularly distinguishes us from the US where workplace funded health plans exert a profound influence on the availability, quality and management of health services, as well as on compensation arrangements, whether collectively bargained or not.

Why have these social benefits been attached to work and more particularly to the employer? There are philosophical and practical reasons. First, we have seen these benefits as rewards of work, going to the industrious and not to the idle. Second, these programs are inducements to employees. Employers gained allegiance by providing such benefits. They discouraged what was seen as undesirable mobility in a less flexible age of work. Trade unions gained popularity with their membership by negotiating such benefits for employees particularly as the employer's contributions at least appeared to come out of thin air rather than directly out of the employee's pay packet. Non-union employers matched the benefits of unionized employers either to keep employees, to provide a disincentive to unionization, or because they felt such plans fair and attractive.

Such plans were also tied to work for some very practical reasons. Virtually all such benefits work on the basic premise that risk is spread over a group. Insuring one person for dental coverage is economically dangerous. The individual in need of care signs up, gets the dental work done, and then withdraws. Unless the premium is very high and the qualifying period long, the insurer is understandably uninterested in the business. By defining and insuring a large group, with a measure of compulsion to the coverage, an insurer can quote rates that reflect average use. The bigger and more stable the group, the lower the premium. Providing employer based and work based coverage lends the necessary element of compulsion as well as the economies of scale that come with a larger group.

There is also the practical problem of collecting premiums and administering benefits. Using the employment relationship as the basis for insurance and pension provisions means that costs (to the extent they are not borne directly by the employer) can be deducted from the employee's pay cheque. The employer can make participation mandatory or voluntary through control over the terms and conditions of employment. The employer has a record of the employee information needed for plan administration, and can process claims, pay benefits and so on as an adjunct to other personnel functions.

Until recently, there was no other reliable way of carrying out these activities. There was no reliable and efficient way of collecting funds. Even if individuals had bank accounts, the only way to authorize regular withdrawals was through cheques, which were cumbersome to handle. Now, in this age of credit cards, automatic payroll deposit and electronic banking almost all employees have bank accounts. Debits to those accounts can be pre-authorized for all sorts of regular transactions such as utility bills, credit card payments, subscriptions, donations and memberships.

The same electronic wizardry that allows the fluid transfer of funds also allows improved new ways of keeping track of individuals and administering transactions involving them. There is no longer a need to have people go to a personnel office in order to fill in forms about long term disability insurance, dental benefits or pensions. All that former paper work can now be done, and increasingly is best done, through computerized systems, using electronic or telephone filing and electronic funds transfers.

Given these new technological options, is it necessary that these employment related security plans continue to be administered through the workplace? Technically, we have reached the point where one can easily envision other options. The question then becomes, why should we consider changing from what we have now, and what is it, that we might change to?

First, let us look at the reasons why we might change. We have discussed elsewhere in this report the fact that employment relationships are becoming less secure, and that the continuity of full-time employment that was the hallmark of our past, is no longer with us. Employees will face interruptions in employment and periods of unemployment, sometimes involuntary and sometimes voluntary

for retraining, career development and so on. Some argue that this increased mobility is good for the economy. Others merely accept that it will happen whether we like it or not. Given this reality, would it not make sense to encourage the provision of the various social security benefits discussed above, in such a way that there is no break in coverage when particular employee-employer relationships end.

Breaks in coverage can have profound consequences, and the fear of such breaks can decrease desirable mobility and can increase employee's anxiety about change. The loss of long term disability coverage coupled with the loss of employment can leave the former employee in a situation where he or she is no longer insurable, because of deterioration in health. Loss of work before a pension vests can result in the loss of earned benefits the employee might otherwise have expected to accrue to their long term advantage. Loss of medical or dental coverage can result in a financial strain at the worst possible time, when no wages are coming in and when new coverage may involve long waiting periods and perhaps prohibitive premium costs.

One alternative, if the source of this type of coverage is to move away from the employer, is to move to a universal plan, administered by the state, with all persons eligible based upon their work record. This would be a type of semi-universal plan, like Employment Insurance or the Canada Pension Plan. But the trend is for governments to retreat from programs of this nature. Their very universality make them inflexible, as they almost inevitably have to provide a "one size fits all" kind of program.

A more realistic alternative is that this type of benefit could be offered by organizations run by and for employees. I use the more expansive term "employee organization" rather than the established term "trade union" not to provoke those who believe trade unions are the only credible form of employee organization, but because what I envision is an organization with a wider scope than many trade unions currently occupy. This may well occur as our present trade unions expand beyond their current enterprise based representational model, into a larger role. However, it may also occur as new forms of organizations emerging to meet changing realities. The choice lies partly with trade unions who may accept or reject this type of role, but it also lies with public policy makers, who may facilitate, mold or hinder its development.

What might the trade union or employee organization of the future look like if we were to move in the direction of using such organizations, as opposed to employers, as the appropriate vehicle for providing employee benefits?

Probably, such organizations should be sector based. This is because, while employees may not have a lifelong connection to an employer, they would likely maintain a connection to a type of work, to training and skill sets that match particular forms of employment. Trade unions are in any event moving in this direction as they merge into larger blocks, based roughly on industrial sector affinity.

Such organizations would also develop ongoing relationships with workers, who would remain members whether or not they were employed at the time. This would mean, that the organization would have to pay much more attention to recruitment, to member relations, to communication and to tailoring the benefits of membership, to the enduring needs of workers within their sector or other sphere of influence. This approach is not new to the building trades or to the unions in the cultural industries. In many ways, it is also similar to the strategies followed by various professional organizations like the Canadian Medical Association, The Canadian Bar Association and so on, which offer a variety of member services, sometimes directly and sometimes through local or provincial affiliates. It is also similar to the type of services being designed and offered to small business owners by such organizations as the Canadian Federation of Independent Business which represents small business people.

Several questions need to be addressed before this type of employee organization can sound viable and desirable. First, would it spell either an end to collective bargaining, or at the other extreme, would it become the Trojan horse from which collective bargaining rights would emerge due to increased access to employee membership and support. I suggest neither is an inevitable result. As pointed out already, trade unions are already doing some of this work. Their activities, while focused on enterprise based representation, really extend to wider forms of representation. Some trade unions are involved in the benefits area. The provision of benefits to employees through an employee organization, but without collective bargaining with the employer, in no way prevents or discourages the collective bargaining we now have.

A more difficult question is, whether encouraging wider worker membership in organizations that provide benefits, would at the same time encourage wider membership in trade unions, and thus support for trade union certification. The fear of some employers would be that, if they vacated the area of the provision of benefits in favour of employee organizations, then the trade unions who administered those benefits would insist on applicants supporting trade union certification as a condition of providing those benefits. This would lead to higher rates of unionization which many employers would resist. However, this is not an inevitable consequence. Increasingly, the choice of collective representation is dependent on a secret ballot vote. Even where it is not, it would be possible to provide that “benefits membership” does not automatically translate to the selection of a bargaining agent. There is wide scope for public policy choice about whether, and to what extent, to separate or link, membership in the organization from, or to the choice of certification at the employee’s workplace.

The next question is for many the crucial one, who pays? I suggest that this is less crucial than some would suggest. In any short run negotiation, it matters whether the employer or the employee pays the cost of the various employee benefits. However, in the long run, there is no free lunch. The secondary, hidden or “payroll tax” costs of benefit programs all form part of the ultimate wage bill. The more significant issue, again in the longer run, is whether there are tax or other structural advantages to distributing the cost of such programs in a particular way.

We have gone through this process of adjusting our taxation laws to encourage or discourage particular forms of pensions. We are equally capable, and to a large extent already do, encourage particular structures and programs for other benefits.

So, in the short run, there would be readjustment challenges. If employees have to begin funding directly benefit programs that were previously paid for in part by employers, then logically their wages must go up to reflect the employer's savings and the employees' cost. Tax laws need adjusting either to encourage this, or at least to keep it cost and revenue neutral. However, in the long run there need be no real change in overall financial cost versus overall financial benefit.

However, there would be a shift in the less tangible benefits. To the extent that employers use such benefits as a source of allegiance as a disincentive to mobility, then these would be lost. This is where the demand for flexibility comes at a price. If employers so need flexibility that long-term commitment to employees is unrealistic, then employees will have to look elsewhere for at least some of their long-term security protections. Employers, in turn, cannot bemoan the loss of allegiance that this trend to flexibility entails.

What about the administrative costs that employers would shuck off and that employee organizations would absorb? Related to this question is the argument that trade unions are not insurers, and are not equipped to handle sophisticated benefits plans and pensions, which are better left to the insurance industry. On the first point, there is indeed a transfer of administrative cost. However, these costs are increasingly built into the costs of the plans, and end up being just a portion of the readjustment process we described above. Obviously, trade unions as they are staffed and funded now could not absorb this work, but the necessary administrative structures could be built over time. The challenge is no more complex than having provincial automobile associations sell and administer car insurance.

More fundamentally, what would be involved is not a dismantling of the current benefits industry, but simply a regrouping of networks and relationships. Employers seldom administer their own plans, they contract with a consultant and carriers for the best plan they can get to suit their particular workforce demographics and needs. Unions have already demonstrated that they can enter into similar partnerships with the same industry. What is required is a shift in the relationships between parties, in much the same way as other aspects of industry and government are changing, and forming new networks to meet new challenges.

How can the employee organizations envisioned succeed in having sufficient participation for success? More importantly, how can they avoid the adverse selection that causes failure? Adverse selection occurs when only those most in need of coverage subscribe, while those with low needs opt out and essentially self-insure. Tying plans to the employer lends the element of compulsion that employee organizations do not have. This is partly a marketing issue. If such plans fulfill what is really an enduring need, then there is a market. The challenge is to design and package a plan that fits the workers employed (or at least active) in a particular sector of the economy. All sorts of organizations, from cable

companies to banks to charitable organizations, have learned that to sell services, one must bundle together a group of services. The services themselves must attract allegiance. Second, the organizations need to be big enough and to attract enough members so that the characteristics of the group reflect the demographics of the overall society (at least as much as employer based plans reflect society). There is also nothing to stop unions from negotiating mandatory participation through collective bargaining. Public policy support for such plans might even go so far as to allow employees to elect participation by majority vote, without the need for full collective bargaining.

Third, these organizations may need to require a minimum term of membership, probably backed up by pre-authorized funds transfer authorizations, so that participants will be committed for a reasonable time period. Other organizations have achieved success in avoiding adverse selection in these ways, including a number of trade unions.

Plans offered and administered in this way would not preclude employer contribution. Indeed, many employers currently contribute to union administered plans of a variety of types, for health, welfare and benefit provisions and also for training initiatives, which we will discuss in the next section. Again, new advances in computerization make it relatively easy to accept contributions for a group of employees and to credit those contributions to the employee's individual account.

What about part-time employees, employees with two jobs and people in transition between jobs. It is in these circumstances that plans administered by employee organizations could excel. Part of the unattractive nature of many of the new type of jobs is the unavailability of benefits. Part of this unavailability is due to the administrative difficulty of crafting benefits that fit employees who are short term, who work for two employers and so on. By providing and administering these benefits through employee organizations, many of these difficulties could be avoided. For example, the question of how to pro-rate benefits would not arise for a person who, by working two different part-time jobs, in fact earns a full wage. And employee organizations could craft their particular benefit packages to reflect the level of work actually performed by their members, which may vary from sector to sector. Similarly, the employee's maximum benefits could be based on their full income, rather than on income from individual employers.

How would employees between jobs maintain coverage? In theory, their coverage would continue at the same cost and level of benefits as before. The loss of a job would not precipitate any change. Underlying this, however, is the practical reality that if work stops, income stops. Here, I suggest that public policy makers should step in and provide an incentive to maintain coverage. We have a community interest in workers maintaining a basic level of security. My suggestion is that employees be allowed to contribute to a plan much like an RRSP, and that perhaps the plan even be combined with an RRSP. The employee would get the advantage of making a tax deductible contribution to a fund that could be used, in the event of the loss of a job, to sustain the cost of maintaining health, welfare and similar income security plans. Essentially, these rainy day

funds would encourage employees to save enough to carry them through transition periods when they might otherwise feel the need to stop spending on insurance protections. The fund thus accumulated might be capped at a certain level to reflect the cost of, say, three or years estimated premium costs. Alternatively, it might be combined with the RRSP option so that tax deductible funds thus collected could be used either for retirement or for benefits maintenance during times of unemployment or under employment.

This same type of plan administration could be used to provide coverage for other types of workers, who are currently ineligible because they lack of “regular employment”. I am thinking particularly of workers in training or retraining programs leading up to work, or who are part of a worker readjustment initiative. Government could support this development by allocating a portion of worker readjustment moneys, and perhaps of Employment Insurance payments, from straight compensation towards continued benefit coverage. The policy goal behind such a measure would be to support those who protect themselves from unanticipated loss and thus, indirectly, to avoid the state having to assume responsibility for their welfare should they become ill and unemployable. This type of plan might also be used to provide a measure of protection for our growing volunteer workforce. It is not unreasonable to expect that some volunteer organizations might contribute the costs of basic employee protections for those who volunteer to support their programs, even if they cannot pay wages.

In discussing such a plan, it is assumed that it is administratively feasible and will work without the support of the structure provided through the workplace and the employment relationship. Some unions, and some professional and small business associations are already leading the way in this area. Technology is making it easier each day to handle the paper flow and the funds transfers necessary to make this sort of system work. It will require new relationships, and some fundamental rethinking of “what unions or employee organizations do,” however, this does not mean a retreat from traditional advocacy, political or representational roles. What unions, like all other organizations “do” will not be just one thing, but a bundle of activities designed to meet their members enduring needs.

## Skills in the New Economy

This Collective Reflection began with a round table attended by labour, management, academics and government. Repeatedly, the discussion reverted back to training. Training was the magic elixir that would carry us successfully into the new globalized economy. Nonetheless, the discussion then and since had an unsettling aspect to it. “Training,” like “flexibility,” is one of those words capable of having meanings for different people. Different interests jostled with each other over who should shoulder the cost and responsibility for providing this training, but all agreed that “something should be done”.

This debate led me to include training as one of the focal points for my own reflection. These themes were repeated during the cross-Canada workshop on the information highway's impact on the workplace. The assumption was that someone (with further debate about who) should teach people how to use the new tools so that they can avoid displacement and can access jobs in the new economy.

Important elements seemed missing from the debate. First, the "new economy" appears to be characterized not only by new job tasks but also by new working relationships and new ways of organizing work. Despite some talk of empowerment, there was little discussion of how workplace relationships needed to change. The impression was that people needed to learn more "hard skills". I suspect, that in reality what they need to learn is different "soft skills". Second, there was little attention given to what effects these skills (once learned) will have on our system of industrial and employee relations. How will they affect the way we distribute and exercise power in the workplace, how we resolve conflict, and how we decided how to share the rewards of our innovation and industry. Third, there was too little discussion on how skills would be recognized, enhanced and rewarded. Some feared that what we really face is the de-skilling of many and the compression of work without reward for others.

This debate was also coloured by concerns about polarization. The trends described for new styles of work organization in high-end industries, (away from production lines managed in a command and control manner towards flexible self managing team based work units), often flew in the face of the experience of those in low-end jobs. Indeed, in low end jobs the advent of technology has simply made both the commands and the controls more pervasive. Computers monitor how fast the hamburger can be flipped, the call can be answered or the groceries scanned. Those experiencing these trends view talk of empowerment and of the self-directed work group with understandable cynicism.

The training debate affects the organized and unorganized employee as well as many in the managerial ranks. There is room for wider representation of workers than is now the case. Organized labour raises concerns on behalf of the unorganized, but tends to view the issues through the prism of collective bargaining as the preferred solution. The issues are also discounted by some because of the substantially different levels of organization between large and small enterprises. The voice of labour in this debate would be stronger if it were able to speak more directly for a broader cross-section of the workforce.

My conclusion is that there are several useful roles trade unions or employee organizations could play in respect of training and skills development issues in the emerging economy. Again, I use the broader term employee organization not to disparage trade unions or to suggest that they be eclipsed, but to indicate the broader role they might adapt to fill, or that some parallel organization of workers might undertake.

The functions that might be performed in this area include:

- Providing information and training for workers in some of the skills necessary for survival in the new economy, including the skills needed to plan for and survive workplace transitions, including partnering with government on programs directed towards those ends.
- Helping to develop criteria for the recognition of skills acquired in the workplace or through continuing education, and fostering recognition of those skills so as to make them more portable between jobs.
- Working with employers to foster effective dispute resolution skills within workplaces.

The reason employees need new skill sets goes beyond the advent of new “bits of work” to be learned. Profound changes are occurring in the way in which work is being organized and employers and employment are structured. Highly routinized mass-production, involving compartmentalized jobs, is giving way to a more flexible style of production. Management has begun to flatten. Middle management is being eliminated in many industries and in government services. Self-directed work teams are becoming more prevalent in industry and in government. Employees who once had narrow manual jobs on a production line with little or no contact with, dependence upon, or influence over other workers must now perform wider jobs relying more on automation and more on communication. They now use new tools that allow fast and precise communication.

At the corporate level, there has been a displacement of the old values of controlling supply and distribution through vertical integration and labour through binding collective agreements with a reliable full-time labour force have been replaced. Now responsibility for a secure supply can be safely downloaded to contractors along with the cost of inventory. The certainty of fixed labour costs, once an advantage, is now often seen as an inflexible cost factor best avoided through subcontracting to the lowest bidder. Improvements in cost accounting, control systems and information systems have made it safe for enterprises to grow without incorporating under one corporate umbrella, all the components needed for the end product. Enterprises can now consist of large but fluctuating and diffuse networks of suppliers, manufacturers, marketers, designers and so on. Technology and communication now allow business to control production elements at a distance, thus distributing and avoiding risk.

The large corporation may remain the lynch pin, but the work will be distributed among the various interdependent partners, and that distribution will change periodically as production needs change. This environment makes individual jobs less secure and requires skills to be more portable.

Market preferences have also changed. Customers, both international and local, now want and can obtain much more than price. As Anthony Carnevale put it (*America in the New Economy*, The American Society for Training and Development, 1991, p. iii).

In the old economy competitive success was based almost exclusively on the ability to improve productivity. In the new economy organization and nations compete not only on their ability to improve productivity but on their ability to deliver quality, variety, customization, convenience, and timeliness as well.

If all this is a reality at least with respect to the jobs in the high-end globally competitive industries, that we say we want because they yield high-end profits and wages, what training needs will this demand? Listing some of the new skill sets employees will need reveals ways in which employee organizations might contribute to their development.

### ***Learning to Learn***

Learning itself is an acquired skill. Employees are increasingly required to learn how to use new equipment, new software, new products or new procedures. Employees have to learn how they personally learn best, through doing or reading, individually or in a group, at work or away. Managers too have to learn about how people learn, because different employees learn differently. Giving some a manual will be pointless, while others will devour it. We also have to learn that learning is important. Too often we install expensive new systems without any adequate support to take people over the learning curve necessary to make the equipment worthwhile.

### ***The Skill to Communicate***

In order to work in teams, to customize for clients, and to respond appropriately to inquiries from within or without the organization, employees must be able to communicate clearly. This requires literacy and, increasingly computational skills. Employees need to write clearly, not only getting the language right, but identifying what is important and expressing it with brevity and precision. With automation, much work shifts from “doing” to watching and controlling what machines do. This often requires an understanding of the formulas, charts or tables used by the equipment and the ability to interpret and communicate that information.

### ***Problem Solving***

Working in an automated environment often involves monitoring and then problem solving when needed. Skills may be called upon most acutely when something goes wrong. Operators must not only understand the basic concepts and equipment involved, but must also know how to analyze unexpected problems, consult manuals, accurately describe problems to technical experts, and so on.

This is as true for a plastics injection mold operator as for a public employee administering a database for a flood relief program. Such situations call for innovation and resourcefulness.

### ***Listening Skills***

Those whose work depends upon collaboration, or who are involved directly with customers, suppliers or others must increasingly have the skill to listen. If competitiveness depends upon accurately meeting client needs, employees must learn how to listen for those needs. Similarly, collaborative work arrangements require good listening abilities because successful collaboration requires the clear transmission of messages between collaborators. Listening sounds like the easiest skill of all, but it is often lacking because many employees have been trained to tell, not to listen. This is particularly true for managers and supervisors.

### ***Group Skills***

Working in a group environment requires a series of “soft-skills,” of which listening is just one. Collegiality is itself a learned skill. Individuals must learn to be assertive where necessary, but at the same time they must appreciate that aggressive and domineering behaviour can hurt the team’s effectiveness. Personal qualities like dependability, veracity and conviviality also affect team performance. These are not so much skills to learn as qualities that one can learn to cultivate in the group. Understanding such group dynamics is itself an important skill. This is not only important within an enterprise. Increasingly, workers for one employer will spend their time problem solving with workers from client, customer or supplier employers. Their ability to work collegially is part of the product.

### ***Dispute Resolution Skills***

Work remains a place of conflict. Employees get into conflicts with each other. Relations between the organization and its customers and suppliers can often involve conflict and the need to resolve that conflict if productive relations are to continue. Conflicts will still arise between those who manage and those whose work is the subject of that management. The way this conflict is dealt with can have a profound effect on morale and upon success. Employees (whether managerial or not) increasingly need to understand the dynamics of conflict and the cost of unresolved conflict. They need techniques for getting to the bottom of problems and solving them.

### ***Cultural Sensitivity***

Canada is increasingly trading in the world market, whether its marketing expertise on judicial systems in the new Ukraine, cattle breeding in Argentina or tar sands technology in China. Ours is also a multi-cultural community. Employees need to develop the ability to work with people from a diversity of

backgrounds, not just in the passive sense of tolerating diversity, but in the active sense of collaborating together to get work done. Increasingly, Canada's overseas customers will measure our competitiveness by how we are able to work effectively in their culture. Few countries have such a good training ground at home.

### ***Computer Literacy***

Most employees in the next decade will need computer literacy. This will present less challenge to the Nintendo generation. However, for workers unskilled in the rescue of electronic princesses, lack of familiarity with the computer as a tool can present a major barrier to retraining. One of the more discouraging aspects of computer literacy is the lack of recognition for generic skills. There is a wide area of sameness to computer applications yet we still tend to measure skills in terms of experience on specific applications. This denies employees credit for their experience and makes their skills seemingly less portable than they could be.

In an age when computer programs are upgraded to new versions almost annually, what is important is not experience on Excel Version 6 or WordPerfect Version 5.1, but the degree of versatility and understanding that the individual has in using the computer to deal with real workplace issues. We should develop new ways of measuring competency in this important area. This would help to facilitate retraining for those without such skills and to facilitate improved portability of and recognition of these skills once acquired.

### ***Career Development Skills***

If work is indeed becoming more transient, then a necessary skill for survival in the workplace is to understand how one's career may develop and what can and should be done to keep abreast of change. This is an issue of importance to the enterprise as well as to the individual employee. If change is an unavoidable reality, employees will fair best, and resist less, if they have realistic expectations about the changes they face, adequate warning and meaningful opportunities to embrace lifelong learning. It is unrealistic to expect employers to be the sole source of training in this area. Employers train for the needs of their enterprise, not for employee needs in the longer-term and in anticipation of their moving to another enterprise. Indeed, it is often the employer's lack of foresight, planning, expertise or frankness that leaves employees without a job and any real means to retrain. It is here that the sector based approach to training is proving more useful, because sectoral councils can take an industry wide view of training needs removed from the immediate needs and plans of individual corporate participants within the sector.

We need to develop a curriculum for anticipating and dealing with career changes. Associated with this are the skills needed to cope with the non-work aspects of career disruption or change. This includes understanding personal financial management, retirement planning and job search techniques. These things should not be left until the crisis point of sudden job or income loss.

By listing these soft skills, I do not suggest that hard skills such as learning how to use a particular machine, or drive a new truck are less important. It is simply that, since the soft skills are less concrete and more difficult competencies to measure, they tend to get overlooked in the training debate. Nonetheless, they are vital to an organization that seeks to meet customer demand for products or services that are customized, timely, of high quality and cost effective.

How are employees going to become adept at this new way of doing business? Much has been written on how to manage for the high performance workplace, but less on being an employee in that same workplace. Unfortunately, much of what is written about managing the high performance workplace owes more to Dilbert than to Drucker.

This leads to much cynicism which itself makes it difficult to adapt to new styles of work and of working relationships difficult. As we have discussed elsewhere in this report, management needs to commit to involvement, real empowerment and a share in the rewards of increased productivity if it expects employees to buy in to these new approaches.

An important aspect of getting employees adopt new ways of doing business is to ensure that they have meaningful reassurance that they are not simply being taken for a ride, swept along by boosterism that offers only more work for less share of the reward. Strong and effective employee associations and trade unions can facilitate this process. By being, and by being seen as being, vigilant protectors of the interests of workers in the training and readjustment areas, trade unions and employee associations can serve to caution or encourage employees appropriately when those employees decide when and how to commit to retraining. Once assured that their advocates are maintaining a quality control influence on the process, the commitment of employees, once made, will be stronger and more self-assured.

Employees will generally stay close to a type or sector of work even if they switch employers. It would help if employees in each sector had a source of information on industry trends, training opportunities, assistance programs and sources of upgrading. A union that accepted as members all those in the industry, whether organized or not, and that provided seminars, newsletters, E-mail updates or whatever new technology can offer as a means of communication could serve a valuable function. Unions are uniquely placed to help employees realistically deal with workplace readjustment. They have the experience of facing major plant closures, adjusting to technological change and so on. This experience is a marketable commodity. Unions could also expand to help employees with job search skills. Governments currently fund a number of retraining and workplace transition initiatives, but too few are delivered by organizations dedicated to the interests of employees. This is also true of training for career planning and for retirement. Unions know more about the affairs of ordinary working people than many investment counselors, yet many unions have done little to develop employee skills in how to make the best of their incomes.

An enduring need of employees is not only to acquire skills, but to have the means to update those skills and to have them recognized. Increasingly, workers are learning on the job, through in-service training, by distance learning techniques and by similar means. They are also taking upgrading courses from the myriad of educational institutions competing for their educational business. What we are increasingly lacking is a generally recognized way of assessing a person's training attainments through all these sources that will give employees recognition in the job market for their acquired competencies.

Employers are moving towards systems that recognize skill sets and job competencies in the workplace, but these systems are often employer based. Employees may achieve considerable skill in a particular employee's operations. Those skills may in fact establish the competency to work in any number of similar jobs with other employers. The employee has no way of establishing that fact from a source independent of the employer or former employer. Sector based employee organizations would be the ideal partner for the development and promulgation of testing and recognition systems. They could also provide certification for language and literacy skills both for native speakers and those for whom the language of work is a second language. Several unions are already doing valuable work in developing language skills for new Canadians in the workplace.

Underlying the new economy and new styles of management is the need to recognize that organizations, and national economies, are no longer closed systems. Competition does present workers and management with a common challenge. It is no longer simply a question of how to share the pie, but of how big the pie will be. That said, however, the question of who shares the growing pie remains to be resolved. We will continue to need, and to use, negotiation systems like collective bargaining to work these issues out. What is different is that both labour and management, in an organization that depends upon employee initiative and innovation, both have a vested interest in the ability of those systems to produce favorable results.

We have tended in the past to work with bargaining strategies that emphasize dissatisfaction rather than ones that produce mutual satisfaction. In simplistic terms we have operated on win-lose approaches rather than win-win approaches. This is more a question of attitudes in approaching bargaining than in bargaining structures.

The same has been true in much of our approach to workplace dispute resolution, particularly in our grievance procedures. Too often, grievances deteriorate into a win or loose struggle before there has been a full exploration and discussion of the facts. Senior managers too often decide they must back up junior managers. Union representatives too often pursue grievances that have been insufficiently investigated, or where the real interests at stake have not been identified, let alone explored. There are very positive developments in this area involving grievance mediation, joint labour management training in dispute resolution and so on. It is

beyond the scope of this section to explore those areas in depth. However, it is important to note that, our way of dealing with grievances and other workplace disputes become a metaphor for how we tackle other workplace issues.

The confrontational, and underlying that, the irrational, approach to dispute resolution can affect personal relations. It can strain individual's abilities to deal with each other in day to day business. Issues that stay unresolved over long periods of time can sour relationships. This makes it difficult to sustain the type of productive, high performance enterprise we say we want to achieve. This problem is not restricted to unionized environments. Workplace issues arise for resolution in the non-union workplace as well. Sometimes these issues focus themselves in a statutory procedure such as a human rights complaint. At other times they may remain ill focused, and gradually sap the energy from the workplace as people who feel their issues remain unresolved slowly stop going the extra mile.

We need to develop the problem solving skills that prevent this from happening. This does not mean giving up on issues. Quite the contrary, it means developing expeditious ways of identifying issues and resolving them in a way that is mutually satisfactory, at least process-wise if not always results-wise.

## **Employment Legislation and the Attainment of Public Policy Goals**

We use a wide array of legislation plus funded initiatives to support or regulate the Canadian workplace. All this legislation has historical roots, each program's structure and facilities being coloured by its origins. It has grown up in a somewhat topsy-turvy fashion with only minimal regard for how it might all fit together as a coherent whole.

Each of our employment laws each have policy goals. Sometimes these goals are overlapping and sometimes they are inconsistent. In many cases these policies are about how to distribute costs or losses among enterprises, individuals and the state, for example by insuring the losses caused by unemployment. In some cases, by focusing on the costs or losses and how they can be redistributed, we have lost track of the more important questions of how they can be minimized.

Most legislative programs were designed in times when we had fewer techniques for ensuring legislative compliance and achieving legislative objectives. We need to reassess how we can best achieve our goals with the least amount of "system cost". In doing so, we cannot treat our present enforcement structures as sacred cows, to be preserved solely because we dislike change, or because we have developed vested interests in the mechanisms of the system, as opposed to the benefits the system was designed to provide.

When we pass laws and build systems to enforce these laws we incur costs as government, and we impose burdens, sometimes intended, sometimes not, upon those subject to the laws. The efficacy of laws must be assessed, weighing the

benefits of the legislation against the burdens thus imposed. Much could be done to reduce some of the indirect or unproductive burdens of our employment laws. This point warrants illustration.

Assume that Canada passes a law (as we have) that says an employer must not discriminate on the basis of age. That same law creates a commission to which persons can complain about age discrimination. Our objective, presumably, is to end the practice of discriminatory treatment in the workplace. Government immediately incurs the cost of the commission set-up to enforce this legislation. To the extent that age discrimination exists, those who suffer the discrimination are already suffering the burdens of that practice through lost opportunities and thus lost income. Employers will assess their operations to ensure that their operating procedures comply with this new law. This is a reasonable burden necessary to the attainment of the legislative goal.

However, if the definition of age discrimination is unclear, this imposes a burden. For example, does the law encroach upon pension entitlements, early retirement plans or seniority systems? To the extent that the scope of enacted laws are unclear and remains to be worked out in practice, employers (and sometimes trade unions) must assess options and take risks. The assessment process (with legal bills and managerial time) is a burden that we could work to minimize. If assessments prove wrong, an employer, even with the best of will, may find itself facing a successful complaint. This involves the cost of defending its position before the commission, as well as the cost of any award assessed against it, whether a monetary award or an order to modify its workplace practices.

Even careful employers may find themselves liable for the willful, ill-informed or careless acts of employees. Therefore they need to educate employees on new laws and their consequences (also with attendant cost). Even if this is done, complaints may arise, and in a large workplace they often do. Every such case carries the appropriate burden of the end result — nothing if one's position is correct, and compensatory damages if one's position is incorrect. But every such case also carries the additional burden of investigating and defending the litigation. At present, this "overhead cost" is often a significant part of the total potential liability.

We can reduce the "overhead costs" of achieving our employment law goals, by:

- Paying attention to our legislation goals and judging our enforcement processes by how efficiently, for everyone, they attain those goals for all parties.
- Minimizing the situations where our goals conflict or where our processes overlap or conflict with each other.
- Taking full advantage of new technology and new processes to improve on old methods of enforcement.

In making this point, I have concentrated on the costs to employers. The same analysis is possible from the point of view of the employee and his or her representative. The law in my example promises a workplace free of age discrimination. The employee who feels aggrieved on this score also has to find and assess the law, bring a complaint, devote time to its pursuit and await an eventual result. This result may come too late to provide any real relief because time has marched on, perhaps by as much as 20% of the complainant working life.

Not all employers (or trade unions or employees) are like those in my example. Many avoid, ignore, undermine or violate our employment laws, but many individual complaints ultimately prove unfounded. Any system needs facilities for sorting these questions out fairly. The challenge is to let the “forum fit the fuss”, ensuring that the way we resolve such disputes is appropriate and proportionate to the issues involved. Process must not drown both the rule and its effectiveness.

We seem to be developing a strong affection for individual rights that can be pursued legally through court like processes. As a nation, we are picking up the habits of our neighbours to the south, who have elevated the right to litigate to the status of national sport. Many employment law goals can be achieved without resorting solely to a system where one party gets to sue the other into compliance. We need to begin to measure goals, such as the elimination of age discrimination and limiting excessive work hours, on the basis of objective changes in the treatment of people as they age, and studies on how the workplace changes, not solely on the basis of the numbers of complaints or Supreme Court precedents. Indeed, one could argue that a better measure of such a program’s success would be a reduction rather than an increase in complaints.

### ***Clear Laws***

My first suggestion is that we resolve to word our employment laws clearly. Our employment laws are often expressed in often poorly drafted statutes drawn with little regard for the lay-reader. If we want employees to understand their rights (and the limits on those rights), we should announce them in a language they can understand. This is equally true for the employers and their managers who we expect to comply with these laws.

Clarity is first a matter of legislative drafting. Some provinces in Canada are ahead of others in this area. Federal employment law legislation is more obscure than it needs to be, given its intended audience. The government of Canada could do much more to communicate its employment law rules in a clear and available way. This would benefit federal employees involved in legislative review, enforcement and the promotion of legislative goals, as well as ordinary citizens. Too often, clarity is judged through the eyes of the writers (who often speak Canada’s third and most difficult language — Ottawaese) rather than the eyes of the ultimate readers.

Too many people have a vested interest in obscurity. It is not just a question of poor style, it is a question of power, authority and comfortable concealment. Those who urge clarity are often seen as heretics by those whose business it is to

explain the obscure to the uninitiated. This is as true of some business agents for unions as it is of management side labour lawyers. When laws are clear, those they affect can question, object and oppose effectively, and can't be put off with vague references to "Section 37(b)(iii) of the Employment of Disabled Weavers Regulation and cases decided thereunder".

When laws impose on employers rules that cost money, obscurity may shelter workplace practices of dubious legality. Clarity may require them to do things they do not want to do. But so be it — this is in the interest not only of employees, but also of competitors who pay the costs of more faithful compliance with the law. The argument that clarity might preclude questionable practice makes, rather than defeats, the point.

## ***Education***

A by-product of obscure laws is a low level of community understanding of what our laws actually are. I have been profoundly struck by how few people, even at the upper levels of Canada's major unions and employers, can actually describe our employment laws with any confidence. To be fair, the task is daunting, and made far more complex by our federal/provincial and public sector/private sector arrangements. We sometimes have twenty or more variants on a common theme, the exact laws depending upon the jurisdiction under discussion. We make virtually no use of uniform legislation in the employment law area, which is to our great detriment.

My concern is how well our legislation achieves its goals. If those who work with or under our employment laws in fact do not know with any precision what those laws are, it is no wonder that costs of ensuring compliance are high.

For example. Does an employer need "just cause" to fire an employee, and without it can the employee be reinstated? My admittedly anecdotal experience is that a very significant percentage of employees and managers have no idea of the correct answer, which of course varies federally and provincially and between the organized and the unorganized. Even those who could describe the basic rule would flounder once one introduced whistle blower protection, discriminatory or retaliatory termination's or similar protective clauses.

Too many workplace disputes have their origin not in disagreements about how the law applies, but in ignorance of the law. We need basic education about workplace rules. Neither our secondary nor our post-secondary education systems devote any significant attention to the rules of work as part of their basic curriculum. Nor do they have the texts or other resources to do so. There are specialized industrial relations courses, but these are intended more for the practitioners than for those involved "on-the-line". This is one area where new technology could yield dividends. The internet provides the opportunity to put Canada's labour and employment laws on the Web so as to make them available to everyone.

Obviously not everyone has access to or is comfortable with the technology necessary for website access. Indeed the argument that this leaves out some of those most in need is a powerful one. However, I still believe this is a worthwhile project.

Attention needs to be paid to ways of laying out laws in an accessible way, so people can actually find the information they need. It is not enough to simply mount our laws on a website. Laws accessible in this way would give those trade union officials, managers and teachers the raw materials to pass on information in an understandable and accurate way. So, while the Internet is inaccessible to many, it is accessible to intermediaries. This can help give at least indirect access to many who lack direct access.

The new technology offers more than just “flat screen” access to text. It can offer an interactive inquiry process that lets people quickly get to the information they need. The difficulties of analyzing and answering questions about employment law rules is no more complex than the problems faced by Microsoft or Corel in giving answers to those who use their various computer programs.

Such solutions are routinely met with two answers. The first is that the law is too complex for anyone to give definitive or even useful answers in such an informal way.

The second is that people may rely, to their detriment, on the result, which would be unfair. The answer to the first is that many laws are not that complex once you ask the right questions (something that interactive websites are good at). Those who say the law is too complex are often those whose job or status depend on their being the guides through any such complexity. The answer to the second point is that some good information is normally better than none, that warnings can be easily given, and that at present people often rely to their detriment on a complete absence of information.

A project of this kind could involve labour and management co-operation, perhaps facilitated by government. It could also involve both the federal government as well as the provinces. The goal would be to state all Canada’s employment law rules in an accessible way using an interactive questioning program to steer the individual to the area and jurisdiction of their concern. This same facility could provide a printable summary or answer sheets covering specific topics. Extra language options could help overcome additional barriers.

This project could provide descriptions of our laws as well as the text of the laws themselves. It could evolve to include training modules so that people could train themselves in our employment rules, perhaps as part of broader training programs.

## **Pre-clearance**

A challenge for the modern workplace is how to balance the certainty of blanket legislative rules with the uncertainty of today's workplace and competitive environment. Recently governments have explored options that one might call "negotiated regulation", allowing a negotiated variation in standards to meet a particular situation where the overall legislative goals would be met, albeit in an altered way.

Such proposals have by and large not found widespread with interest groups (including labour), who fear that the concentrated power of business to "cut a special deal" would overwhelm their more defused ability to protect the interests of workers, consumers and the public at large. This criticism would be less potent if we had employee organizations with greater resources and networks able to represent the interests of workers. Providing the necessary counterpoint to unchecked employer influence in such an arrangement might be an appropriate role for the kind of broader based employee organization discussed above.

It is not always necessary or desirable to obtain an exception to the established rules. Sometimes what employers need in order to meet their competitive pressures is simply the assurance that their efforts to comply with the law while doing business actually succeed. They need to reduce the risk of non-compliance in the event their advice proves wrong. Is there any social merit in saying, no — take your risks — we run solely on a complaint and after the fact adjudication system?

Government has faced this situation before in the area of taxation. We have long given taxpayers the advantage of two alternatives to a straight "take your chances and we will test the law later" approach. The first is the "Information Bulletin" which, in a general way, describes the government's interpretation and application of the law from time-to-time. While not law itself, such bulletins acquire a general reliability that adds certainty to our social dealings. There is scope for such an approach in employment law, perhaps as one of the elements of an internet based information system. This would be particularly useful in emerging areas like human rights protection and occupational health and safety. Such bulletins need not be restricted to one agency. In fact, it would be an ideal vehicle for establishing, at least on a policy basis, how different employment law rules fit together. This would force government to sort out some of these issues early, which may be difficult. However, it is no less difficult for employers and workers to do it in the field and risk the consequences of being wrong. Obviously, bulletins would not set the law. At best they give well thought out guidance. This would still allow the law to advance case by case, reducing but not eliminating uncertainty.

The second tax mechanism is the "advanced ruling". This actually allows a party to seek a binding ruling, which, if the party remains within its parameters, will prevail and avoid the risk of future litigation. There are situations in employment law where the ability to obtain an advanced ruling on how a particular plan fit with

the employment standards, and with occupational health and safety, income tax, pension and human rights law might be useful, and reduce the burdens of compliance while protecting the scheme's integrity. Again, this approach would work better if there was a strong voice for affected employees available to ensure a balanced administration.

### ***The Use of Alternate Dispute Resolution Techniques***

When writing our employment laws, we have generally followed court like models to ensure compliance. We provide either that the issue in dispute goes directly to a hearing of some kind, that the issue is investigated by a government official who makes a report which can be followed by a hearing, or that a prosecution be taken. We often use boards or tribunals for all this, not courts. Courts are now experimenting with alternate dispute resolution options. Laws are increasingly attempting to divert disputes where possible from the litigation model. Employment law would benefit from this approach. However, there are some barriers that need removing.

First, effective dispute resolution normally requires some form of representation. We have created many tribunals that are designed to be lay-person friendly. However, the tribunal, needing to maintain procedural fairness, cannot go too far in helping the parties actually settle their dispute. This is not an argument for "a lawyer in every pot". Instead, we should encourage, and give recognition to employee advocates whose task it is to help workers in all forms of employment law disputes. This would be a useful role employee organizations could play for the organized worker outside the scope of the collective agreement and for the unorganized worker in all employment related matters. Employment law legislation should gradually recognize the workers right to a lay advocate. Such advocates should have demonstrated competencies in both the substantive laws and also mediation and other dispute resolution skills.

Next, we need to rethink our practice of creating a new tribunal for every legislative program. We already have complexity caused by our federal provincial mix. We should work to harmonize the procedures we use for the resolution of disputes related to work by gradually consolidating programs towards as few tribunals as possible, and with as many options for diversion into alternate dispute resolution as possible. So, for example, when a person is dismissed allegedly for cause, the question of whether that cause was valid should not be the subject of different debate before the EI umpire system, the Human Rights Commission, a grievance arbitrator and the Workers' Compensation Board as can happen now. We have begun enacting rules to deal with deferral by one tribunal to another. We need to go beyond that and to consolidate the authority to decide workplace disputes efficiently, for all purposes and in one place.

We should also try to foster greater dispute resolution within the workplace. For example, we could restrict access to some statutory process so that no complaint could be taken until some form of mediation, designed to narrow, clarify or resolve the dispute has taken place. Such an approach would be much more likely to succeed, and be more acceptable, in workplaces that had been through training

in dispute resolution techniques. However, where that exists, experience in other areas where mediation is used shows a decrease in litigation. This could achieve a reduction in public and private burdens.

## Conclusion

There are some common themes to this reflection. The decline in permanency of employment and the move away from full time work convinces me that some of the enduring needs, once met by a relationship with an employer need to be refocused. The most appropriate structure is an organization of employees, probably sector or skill type based, that extends beyond the ambit of present day trade union activity.

For trade unions or parallel worker organizations to develop in this direction, they will have to develop broader programs designed to meet workers enduring needs. This is more a job for the organizations and the workers involved than for government.

However, there is a clear public policy interest in supporting this type of approach. If the needs are indeed enduring, and employers are retiring from the field, then there will be pressures on government to fill the void. Many of these needs could be more flexibly met on a sectoral basis.

Once employee organizations develop a significant presence in areas where non-traditional work is growing and where the needs are highest, then those organizations can increasingly become the vehicles through which other services can be developed, either directly or in partnership with governments, industrial organizations and individual employers. These are approaches that need to grow together. However, as they grow, benefits like training, and the recognition and certification of training, advocacy and representation can be delivered by organizations representative of workers.

Government can support this growth by the design of its tax programs, by recognizing the status of the organizations in appropriate legislation involving workers and by choosing the organizations as partners for the delivery of programs for workers. This would allow employees in an uncertain and changing economy to maintain a real contact with the world of work, and with the programs and securities it provides, that can survive periodic interruptions of individual employer/employee relationships.



## **CHAPTER 9. CONCLUSIONS AND RECOMMENDATIONS**

As Canadians get ready to enter a new century, we all know that our workplaces are changing rapidly — and we also know that we have fundamental needs that do not change and basic values that are worth keeping. How can we balance these needs and values with the pressures for change?

It is clear that employment relationships are undergoing major changes, as self-employment, short term contracts, telework and other forms of non-standard employment increase in importance. It is also clear that new technologies are being implemented across all industry sectors and that Canada is increasingly dependent on international trade. Structural change has been a Canadian reality for many years, and it is accelerating conditioned by the business cycle and macroeconomic policies and, — driven by globalization, computerization, changing labour market institutions and the changing labour supply decisions of individuals.

In adapting to these changes, we think that it is essential to invest in people. Investing in human capital is key to the smooth functioning of the new labour market and the high-performance workplace. Today's rapid change, and the constant proliferation of new technologies, implies that workers have an ongoing need for training, and it is being increasingly recognized that the creation of a culture of life-long learning and training is a key factor for national success.

However, investing in people means more than just providing training. It is not enough to merely provide people with skills and hope for the best. People also need jobs in which to put those skills to use and they need real options in the labour market, so that they have a reasonable choice of workplace arrangements that are consistent with their individual and family circumstances. Full employment would help to ensure that the context for workplace change encompasses a diversity of choices, to match a diversity of circumstances and preferences. The social policy and legislative framework of workplace change also needs to be reformed to better meet the needs of people throughout their lives, as children, youth, adults and senior citizens. Particular attention also needs to be paid to the needs of those who have most often been disadvantaged in the labour market — i.e., women, persons with disabilities, Aboriginal Canadians and visible minorities.

As a result of the transformations of the organization and institutions of work, the risks of the workplace are tending to fall more and more on the employees (e.g., obtaining or keeping a job; a lack of benefits such as retirement, leave and insurance benefits for those in atypical employment; paying for and getting broad

access to continuing education for those who do not already have a company job; and missing out on government programs and policies designed for traditional production systems and jobs). However, people still need some sense of security in their lives.

Historically, through insurance programs, pensions and similar benefits, the workplace has been used as a vehicle for employees to secure protection for themselves and their families. This system of workplace-based social benefits is at risk in the new world of work. Our current system's lack of portability of benefits and pensions does not encourage or support mobility, and it operates to the detriment of both employers and workers. The decline in secure lifetime employment means that we must focus on new, more flexible and more portable forms of third-party benefit schemes. If people can no longer depend on having the same employer, their income security will have to come more from their acquired skills and their ability to acquire a sequence of jobs. However, their need for employer-paid pension and insurance benefits remains. An expanded role for the social insurance programs of the public sector could fill this need, or Canada could move to sectoral employee organizations to deliver such programs, as well as to improve portability and recognition of workplace skills from one job to another.

Existing models of labour regulation have served much of the goods production sector well and continue to do so. However, in the information society, mobility, flexibility, initiative and ongoing dialogue will be the keywords and the changing nature of the employment relationship calls for innovative approaches and initiatives. The realities of the new economy have transformed the employment relationship, and new representational concepts must be created to express these realities. In the case of "self-employment", the policy options vary widely depending on whether this type of employment is a matter of choice or a result of an imposed situation, and on whether the person has a truly independent business or differs materially from an employee as currently defined in labour legislation.

Public policy, and international law have recognized the value of unions in their present representational roles. However, organizing the unorganized and representing workers in contract negotiation and administration presents new challenges — especially in the more fluid work world of small scale service sector establishments. New public policy choices have to be made about how to give effect and support to the changing role of unions if they are to fulfill the needs and demands placed on them by a changing economy.

Minimum labour standards are essential to ensure worker protection, health, and compliance with basic norms for working conditions. Labour standards can also influence the distribution of regular working hours. Given the enormous diversity of people's individual circumstances and preferences, it is not appropriate for government to try to legislate uniform patterns of work arrangements — yet it is reasonable to try to establish a context of labour market flexibility in which fair choices are available. Public policy should not create biases which accentuate the increasing inequality in working hours, instead, it should level the playing field in terms of fringe benefits and payroll taxation.

Polarization of incomes is also an issue of social consequence, and there is a role for unions, employers and government in narrowing the income gap that is currently developing between various types and categories of workers (e.g., between regular and contingent workers). Labour standards are also particularly important for the many youth who would dearly love a “real” job, dislike the insecurity of a succession of short-term contracts and need a good wage if they are to start raising a family.

Less-educated young Canadians are having particular difficulties in the changing workplace and these youth need much more help if they are to make a successful transition to work. The “social economy” is a potentially important source of meaningful employment, where young Canadians can develop skills and acquire the work experience they need. This “third sector of the economy” includes non-profit organizations, community groups and cooperatives, which often do not neatly fit into either the public or private sectors. In addition to assisting the transition from school to work for young people, the “social economy” can also ease the transition out of traditional paid jobs and into new forms of productive volunteer work for older workers. Governments can play an important role as catalysts and in developing the research base which the social economy needs.

Government needs to exercise leadership and a presence that is both flexible and firm in dealing with the never-ending changes of the new economy. There is also a need for institution building, since constant change implies a constant need for adaptation and modification in the social framework of workplace change — and such modifications are unlikely to be successful if they are not supported by a broad consensus among the major participants. There is a need for forums where business, labour and other social partners can participate in a wider consultation, and maintain an ongoing dialogue. Labour and employee groups need to actively participate with employers in the change processes which are underway, and initiatives such as sectoral committees should be encouraged, recognizing that different models and approaches are appropriate in different sectors.

The following are several broad areas of recommendations identified by the Committee:

- 1. The labour regulation framework (i.e., labour standards, occupational health and safety, labour relations, etc.) does not have to be the same in all sectors, but it does have to set a common base and deliver the same basic human rights to all workers — including those in contingent and precarious employment.**

The vastness of the changes occurring in the workplace justifies a comprehensive integrated approach and a review of the major components of our labour regulation framework, both federal and provincial. This review should include the organization of industrial relations in both the public and private sectors, and minimum standards in terms of their development, definition, scope and approval. This review should enable the labour regulation framework to meet the diverse needs of different sectors, while ensuring a common base of employment standards for all workers. Persons

in contingent and precarious employment should be brought under the umbrella of protection offered by labour legislation. The review should also include the policies that define the social safety net and taxation system, to the extent that these have a significant effect on the structuring of the employment relationship. Government could try a sectoral approach in legislation, working with sectoral organizations to set working rules that are consistent with the circumstances of specific sectors.

**2. Investing in people is key to Canada's future. Unions, firms and governments must work together to ensure that all workers have access to meaningful training opportunities.**

The continuous change of modern technologies creates a continual need for learning and relearning. The education system's role is to provide the broad base of knowledge and skills on which specialized training can be built, but it is the responsibility of all the social partners to create a culture of life long learning, in which every Canadian can have the opportunity to fully utilize their capabilities. Individuals are responsible for taking advantage of the opportunities that are open to them, and unions, firms and governments have to ensure that meaningful opportunities are there. Employers have a responsibility to provide training opportunities to all their workers, and not just an elite few. Unions have a responsibility to build encouragement for training into collective agreements, finally, governments have a responsibility to ensure that post-secondary education and training remain affordable, accessible of high quality, and that occupational licences and training credentials are portable within Canada. In the 21<sup>st</sup> century, learning and training will not be luxuries, but necessities.

**3. Public policy should not create artificial incentives for a longer work week or for creating part-time jobs at the expense of full-time ones.**

Currently, public policy sometimes creates artificial incentives for employers to hire part-time instead of full-time workers, and to increase significantly the weekly number of hours worked by existing employees. Requiring part-time and contract workers to be paid equal hourly wages to comparable full-time workers, and to be given pro-rated benefits or equivalent cash compensation would be one way of lessening incentives to employers to convert full-time jobs to part-time jobs. Threshold firm size limits for providing these protections should be avoided since they create an artificial incentive for firms to sub-contract work. This recommendation would require a government-wide review, in consultation with industry and labour, to remove tax incentives and other incentives (e.g., in EI) for high overtime hours, for converting full-time jobs to part-time, and for hiring more part-time staff rather than offering additional hours to existing part-time staff.

**4. There should be new provisions for diverse modes of representation in labour relations legislation for workers in the new economy.**

Trade unions now represent effectively the interests of many people, however, faced with increased workplace risks, individuals without such representation are also turning to a variety of social and professional groups to help them address career concerns and economic uncertainties. Labour legislation and policies should take these emerging needs into account, and recognize that traditional models are sometimes ill-adapted to the new forms of work. In that context, variations of the models used for the Canadian Artists and Producers Professional Relations Tribunal, or other sector-based representation systems, could be more appropriate to the highly diverse situations and needs of the sectors involved, and are options worth considering.

**5. New models to improve access to, and portability of, social benefits (e.g., supplementary medical plans, dental plans, pension plans, etc.) that are traditionally associated with employment need to be considered.**

For example, we need to examine the possibility of identifying and attaching employee benefits to each individual worker, to facilitate mobility and portability of employee benefits. New technologies, such as a permanent “smart card” for recording work-related contributions and benefits, may now make it easier to link a contribution history across a sequence of jobs. Occupational funds could be set up to manage these benefits, possibly on a joint basis of employer/employee contributions. We should draw on the experience of current multi-employer benefit plans and that of other countries to examine models of social benefits in which governments work with industry associations and labour groups, on a sectoral basis, to supplement existing employer and individual schemes. The costs and benefits of such sectoral models need to be compared to the implications of the expansion of government-run programs such as Medicare or the Canada Pension Plan — although Canada has important choices to make about how best to provide social benefits, we should not let them erode by default.

**6. Government should exercise leadership and provide support for efforts to use the social economy and the voluntary sector to provide training opportunities and work skills development.**

Governments need to review the legal and fiscal framework of voluntary and not-for-profit organizations with a view to supporting the development of the social economy. The federal government should work with other governments, business, labour, social agencies, community organizations and other partners in the development of policies and programs designed to support training opportunities, internships, co-operative learning arrangements and mentorship arrangements which facilitate entry or re-entry of persons into the traditional economy.

7. **Governments should actively promote and facilitate the institution building for a wider continuing dialogue on issues related to the changing workplace.**

Workplace change is not going to stop. The need for change in legislation and social institutions is never going to disappear. Canada therefore needs renewed efforts to both build a consensus on workplace change and actively develop an institutional infrastructure of ongoing consultation and joint action among interested parties (business, labour, academia, etc.) on socioeconomic and broad workplace issues. The federal government should pursue an aggressive bridge-building role vis-à-vis private and public research institutions involved in the study of work and workplace changes (e.g., through a national/ multinational clearing house on information on new forms of work). Existing institutions such as the Canadian Labour Market Productivity Centre and the Canadian Labour Force Development Board should be supported, and new ones added to ensure that Canadians can work together effectively to meet both the new needs of the workplace and their enduring human needs.

# NATIONAL FORUM ON THE INFORMATION HIGHWAY AND WORKPLACE ISSUES, CHALLENGES AND OPPORTUNITIES; OVERVIEW

## Overview

*“The new industries that spring up around the Information Highway will generate many thousands of new jobs in Canada. They will also demand new kinds of skills and different types of work arrangements. Inevitably, there will be job losses in some areas and job gains in others.”*

- “Building the Information Highway: Moving Canada into the 21st Century”

One of the Federal Government’s responses to the recommendations raised in the Information Highway Advisory Council’s (IHAC) Report and Minority Report, was to convene a national forum to, “examine the challenges and opportunities presented by the Information Highway with respect to the workplace,” and to ensure that such issues as impact on employment, skills and training, and labour standards receive wide public discussion.<sup>1</sup>

The *Collective Reflection on the Changing Workplace*, is a vision exercise initiated by the Honourable Alfonso Gagliano Minister of Labour, to examine the changing workplace and explore the issues arising from workplace change. One of the initiatives undertaken by the *Collective Reflection*, was to convene the National Forum on the Information Highway and Workplace Issues, in collaboration with national organized labour and business representatives.

The National Forum was held February 21<sup>st</sup> and 22<sup>nd</sup>, 1997 in six different sites across Canada: Moncton, Montreal, Toronto, Calgary, Vancouver, and Hull (national site). For Day Two of the National Forum, all sites were connected,

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<sup>1</sup> Page 21. Government of Canada. Building the Information Society: Moving Canada into the 21<sup>st</sup> Century. Referring to issues raised in both the IHAC and Minority Reports, the text notes: “In order to ensure that these issues receive wide public discussion, they [Government of Canada] will **convene a national forum** with involvement by the Canadian labour movement.

using video conference technology, to permit discussion and information exchange. It is estimated that approximately 200 invited participants attended the National Forum.

### ***National and Regional Input***

National and regional planning committees developed the Forum themes, identified case studies and research to be presented, and participants to be invited. At each regional planning committee, organized labour and business representatives worked in partnership with HRDC to ensure equal numbers of participants from union and business sectors, as well as identify participants from levels of government, education, and nonprofit organizations. In this way, the agenda of each Regional Forum was based on regional needs, and regional perspectives became part of the national approach to addressing workplace change.

The national planning committee identified the three key topics for discussion at all Forum sites:

- the impact of the information highway on the workplace (current information and research, implications for skills development, impact on jobs, etc.),
- new approaches to work that utilize information technology (case studies),
- working to ensure worker protection.

### ***National Forum Results***

The National Report is comprised of all regional fora reports plus the Day Two Video Conference summary. Each regional forum report summarizes the case studies and research presentations made. The National Forum Report will also be available on the Collective Reflection Web Site, the HRDC Labour Web Site, and the Industry Canada Web Site.

Although it was not the purpose of the National Forum to make recommendations, several common themes emerged:

- There is no universal solution for addressing workplace change: what can positively affect one group, can negatively affect another. Government can facilitate partnerships between business and organized labour to find solutions that reduce negative impacts.
- There is need for a national vision to stimulate the development of information technology, and to measure the impacts of technology on the workplace.

- Participants were concerned about the impacts of information technology on society: on families, communities, and on workplaces.
- Health, safety and security must be a consideration, especially for those who work at home or in nonstandard situations. It was noted that the Canada Labour Code does not address the impacts of information technology.
- Unions and businesses support the training and education of workers to preserve jobs, and to improve the adaptability of workers.

The main purpose of the National Forum was to create a venue that encouraged the sharing of different perspectives, and the National Forum Report is just that — the compilation of different regional perspectives, different voices, and frank discussion that was balanced by the desire to find solutions of mutual benefit.

### ***Overview of the Regional Fora***

In order to ensure that regional perspectives were heard and regional issues were identified, the National Forum was held simultaneously in different sites across Canada. Six sites were selected: Hull as national site, with representation from national organizations; Moncton for the Atlantic Region, Montreal, Toronto, Calgary for the Prairies and Northwest Territories, and Vancouver for British Columbia and Yukon. Each site had its own regional planning committee, with members representing organized labour, business and academia.

The format for each Forum was similar but with regional differences: all sites discussed the three main issues (impact of information technology on the workplace; new approaches to work; ensuring worker protection), but for illustration used local research and case studies. Each Regional Planning Committee chose and invited presenters and participants. What follows is a brief outline of research and case studies presented at each Regional Fora. The Report of the National Forum on the Information Highway is available in hardcopy and through the Collective Reflection Web Site. (This information will be found at the end of this annex).

### ***Hull (National Site)***

The Hull Forum began with “Overview of the Issues” — a presentation of views regarding the National Forum Discussion Paper (see Appendix of the National Forum Report) - by Jean Claude Parrot, Executive Vice President of the Canadian Labour Congress, and Richard Cavanagh, National Director, External Relations, Stentor Telecom Policy Inc. Both speakers were also members of the Information Highway Advisory Committee.

Two research papers were presented:

- “Jobs in the knowledge based economy: a study by the Conference Board of Canada.” — Brenda Lafleur, Principle Research Associate
- “Impacts of the Information Highway on Employment and the Workplace: a study by Goss Gilroy Inc., Management Consultants” — Alex Turnbull, Partner.

Four case studies were presented. Case studies were used to illustrate partnership arrangements between labour and business, or to present ‘best practice’ models:

- Case 1: “Retraining staff: continuous learning with the organization.”  
Speakers: Nancy Leamen, Director, Human Resources Policy, Canadian Bankers Association; Catherine Chandler-Crichlow, Manager, Education Centre, Toronto-Dominion Bank.
- Case 2: “Study on telework in the federal public service.” Speaker: Susan Jones, Projects Officer, Public Service Alliance of Canada.
- Case 3: “Using new technology to benefit postal workers and the public.” Kerri Pither and Jeff Bickerton, Canadian Union of Postal Workers.
- Case 4: “A joint business/labour approach to human resource planning.” Canadian Grocery Producers Council, and the United Food and Commercial Workers Union. Speaker: Janet Dassinger, Director, Training Programs and Policies, United Food and Commercial Workers Union.

### ***Atlantic Region (Moncton)***

The Atlantic Forum began with a panel discussion, “The Impact of the Information Highway on the Workplace,” with Barney Dobbin, Communications, Energy and Paperworkers Union of Canada, Paul Patterson, University College of Cape Breton, Curtis Howe, NB Tel.

The Moncton Forum used a workshop format for discussion of the two other Forum themes: ‘New approaches to work that utilize information technology,’ and ‘Working to ensure worker protection.’ A summary of Workshop results can be found in the National Forum Report.

As well, the Forum invited Dr. Teresa MacNeil as Guest Speaker, and she presented, “Information Highway — a solution and a problem: A view from Atlantic Canada.”

### ***Quebec Forum (Montreal):***

The Quebec Forum began with a presentation by Réal Jacob, Professor at the University of Quebec at Trois Rivières, “The World of Information Technologies and the Information Highway: the Challenges of the Changing Workplace and Employment Relations.” His presentation, would set the stage for discussions on the first theme of the Forum, ‘The Impact of Information Technologies on the Workplace.’

For the second theme, ‘New Work Arrangements,’ there were two presenters: Alain Pinsonneault, Professor at École des Hautes Études Commerciales (“An Emerging Phenomenon”) and Pierre Bertucat, of L’Autonome magazine (“Self Employment”).

For the third theme, “Worker Protection,” Jacques Desmarais, Professor, at University of Quebec at Montreal, spoke on “Measures to Promote Improved Working Conditions.”

It should be noted that following each theme’s presentation, there was discussion by all participants.

### ***Ontario Forum (Toronto)***

There were two presenters for the first theme for discussion, “The Impact of the Information Highway on the Workplace,: Robert Wright, Editor of ‘Fast Forward,’ Toronto Star, and Professor Jerry Durlack, of York University. Following their presentations, the participants divided into small groups for discussion, reporting back to the larger group, the key points raised.

For the second theme, “New Approaches to Work,” there was a panel discussion followed by plenary discussion. The three panelists were: Allyson Hewitt, Executive Director, Metro Community Information Centre, Ric Irving, Associate Dean, Schulich School of Business, York University, and Janet Salaff, from the Centre for Urban and Community Studies.

The third theme, “Worker Protection,” used small group work with presenter, David Robertson, Research Director of the Canadian Auto Workers, setting the stage for discussion.

### ***Prairie Forum (Calgary)***

The Prairie Forum’s first theme for discussion was “The Human Impact of the Information Highway on the Workplace.” There were two presentations: “Net Income Stabilization Account,” by Danny Foster, Agriculture Canada; and a presentation on the impact of information technology on workers in the communications sector, by Ron Carlson, of the Energy and Paperworkers Union of Canada.

For the second theme, “New Approaches to Work that Utilize Information Technology,” three case studies were presented:

- Case 1: “Alternative Work Environments” — Carey Barnowski, Public Service Alliance of Canada.
- Case 2: “Telus Communications Edmonton” — Donna McWilliams, Telus Communications.
- Case 2: “AVL Automatic Vehicle Locations Systems” — Tom Lockhart, President and General Manager.

Following the case studies, participants divided into small discussion groups, and later presented discussion summaries.

For the third theme, “The Challenge: Working to Ensure Worker Protection,” Lucien Royer of the Alberta Federation of Labour, provided an overview of key issues. The participants again broke into small discussion groups and reported back with group summaries.

### ***British Columbia (Vancouver)***

The organization of the British Columbia Forum was slightly different from the others. It was decided that to focus on two areas: home work, and globalization, using the three main themes of the National Forum to guide discussion.

The British Columbia Forum began with a panel discussion of “Home Based Work.” Tom Roper and John Steeves, both barristers and solicitors, and made presentations dealing with the arbitrated settlement between Simon Fraser University and the Canadian Union of Public Employees on issues concerned home based work. Concerns about supervision, employment standards coverage/enforcement, and workplace organizing were identified during the arbitration.

Following these presentations, participants broke into small groups to discuss the implications of home work from their perspectives.

The Forum then held its second panel discussion on the topic of “Globalization.” Sid Shniad of the Telecommunications Workers Union presented an overview of the issues, and participants broke into small groups for discussion, making summary presentations at the end of the Forum.

### ***National Forum — Video Conference***

On Day Two of the National Forum, all sites were linked together using video conference technology. Chairing the National Forum, was the Honourable Alfonso Gagliano, Minister of Labour, and Chair of the Advisory Committee on the Changing Workplace.

Minister Gagliano welcomed participants and expressed his interest in hearing the results of their discussions. “As you know, I am interested in the workplace and in the impact of the Information Highway on workers,” the Minister said. He stressed the importance of appreciating the different impacts on different people.

Each region presented a summary report of the key issues raised in their discussions (a summary of key points can be found at the beginning of this annex).

Following the Regional Fora reports, an open discussion was held, with the Deputy Minister for Human Resources Development Canada, chairing. In his summary of his discussions, he noted, “On the one hand, there is concern for workers, their security and their ability to adapt; on the other hand, there is a concern for economic growth. There has to be a way to bring the two together,” he concluded.

Minister Gagliano then gave the key note address. While Minister Gagliano’s address can be found in its entirety in the National Forum Report, the following quote summarizes a major theme of his presentation:

“There is no doubt that if we are to remain competitive in an increasingly global economy, Canada must embrace the technological revolution. We must encourage research and development, support higher education, and foster the development of a workforce that is both highly skilled and versatile.

We must learn to accept new approaches to work, and new technology in the workplace. We must adopt new thinking in order to reconcile the many different aspects of our lives, such as family, professional, social and community responsibilities. We must devise new social arrangements, develop partnerships that are currently unheard of, pool our resources in order to stimulate our creativity, and build on our social cohesion.”

Following the Key Note Address, seven participants from across the country had been asked to give a short, personal presentation as part of the panel, “Looking Ahead.” Two panelists represented organized labour, two were business, and the remaining three represented academic, provincial government and nonprofit organization sectors.

Minister Gagliano, in closing the National Forum, noted the results of the National Forum will be incorporated into the Final Report of the *Collective Reflection*. “The *Collective Reflection* will finish its report and make recommendations. What is important,” he stressed, “is that there will be recommendations. It is time to move forward in partnership through policy and consensus.”

**For Copies of the Final Report of the National Forum on the Information Highway and Workplace Issues:**

Copies of the Final Report are available in hard copy and can be obtained by contacting:

Public Enquiries Centre  
Human Resources Development Canada  
140 Promenade du Portage  
Hull, Québec  
K1A 0J9

Telephone: (819) 997-2617  
Fax: (819) 953-7260  
HRDC Cat.No.: LT-062-06-97E

The Final Report is also available on the Internet at the *Collective Reflection* Web Site at:

English: <http://www.reflection.gc.ca/>  
French: <http://www.reflexion.gc.ca/>

## MEMBER PROFILES



*The Honourable Alfonso Gagliano, P.C., M.P.  
Chair of the Advisory Committee  
on the Changing Workplace*

*The Honourable Alfonso Gagliano was elected Member of Parliament for St-Léonard-Anjou in September 1984, where his business experience allowed him to become the Official Opposition Spokesman for Small Business, Revenue Canada and Canada Post.*

*Elected on November 21, 1988 as Member of Parliament for the new riding of Saint-Léonard, he remained as Opposition Spokesman for Small Business and assumed responsibility for Industry. He also joined the Permanent Committee on Finance. In October 1990, the Honourable Alfonso Gagliano became Opposition Spokesman for Immigration and in February 1991 he was appointed Chief Opposition Whip. Re-elected for a third mandate on October 25, 1993, Mr. Gagliano was appointed Chief Government Whip by the Prime Minister. On September 15, 1994, he was promoted to the Cabinet as Secretary of State (Parliamentary Affairs) and Deputy Leader of the Government in the House of Commons.*

*Mr. Gagliano was appointed Minister of Labour and Deputy Leader of the Government in the House of Commons on January 25, 1996. He was re-elected for a fourth mandate on June 2, 1997. Then on June 11, 1997 he was appointed Minister of Public Works and Government Services.*

*Mr. Gagliano is a certified general accountant and a fellow of CGA Canada.*



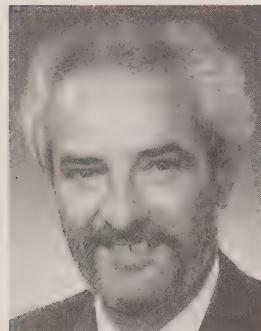
## Manisha Bharti

*Ms. Bharti is currently studying for a Bachelor's degree in International Relations and Development at Harvard University. From 1993 to 1995, she was a member of the Ontario Royal Commission on Learning.*

*Ms. Bharti graduated in 1994 from St. Lawrence High School, where she won the Governor General's Academic Gold Award and twice received the Citizen of the Year Award. She was the Student Council President and was elected student representative on School Board committees for Race Relations and Ethnocultural Equity, Environmental Practices, and Vision 2000.*

*As a participant on two panels at the Governor General's Canadian Studies Conference, Ms. Bharti debated topics such as the Future of the Workplace.*

*In the summer of 1995, she worked as an Administrative Assistant to the Deputy Minister of Municipal Affairs and Housing. In the summers of 1995 and 1996, Ms. Bharti was a counselor at the Seeds of Peace Camp, a three-week program teaching conflict resolution to youth from the Middle East, the Balkans and the inner cities of the U.S.*



## Serge Brault

*Since becoming a lawyer in 1971, Mr. Brault has acquired 25 years of experience in labour issues at both federal and provincial levels. After ten years of private practice in Montreal as an attorney and a negotiator, he was nominated Vice-Chairman of the Canada Labour Relations Board. As such, he adjudicated for ten years in all Canadian provinces and territories. Since 1993, he has been an arbitrator and a mediator at the federal level, in Ontario and Quebec, specializing in problematic cases.*

*Mr. Brault has extensive practical and in-depth knowledge of labour issues, including those under federal jurisdiction. One of his prime functions has been the application of all three parts of the Canada Labour Code. He also acts as an arbitrator in several collective agreements under provincial jurisdiction and was instrumental in the writing of the Status of the Artist Act. Mr. Brault has taught Civil Law and Labour Law at the Université de Montréal and the Université du Québec à Montréal, and was Chairman of the Board of a CEGEP. In addition, Mr. Brault has built a solid reputation as a lecturer of Labour Law and Industrial Relations.*

*A graduate of the Université de Montréal, he was called to the Bar in 1971. Mr. Brault pursued postgraduate studies in Law at the Panthéon-Sorbonne University, and in Development at the École Pratique des Hautes Études, in Paris. He belongs to the Conférence des Arbitres du Québec and to the Ontario Labour-Management Arbitrators' Association. Mr. Brault is fully bilingual.*



## Alexandra Dagg

*Since August 1990, Ms. Dagg has managed the Ontario District Council of the Union of Needle Trades, Industrial and Textile Employees (UNITE). As the elected Director of the Ontario Region, she speaks for the Union and co-ordinates its regional activities. She also presents arbitration cases and hearings before the Ontario Labour Relations Board.*

*From March 1986 to July 1990, she was the Education and Research Director of the International Ladies Garment Workers' Union in Toronto.*

*Over the years, she participated in International Labour Organization Conferences (1995 and 1996); the Coalition for Fair Wages and Working Conditions for Homeworkers; the Advisory Group on Working Time and Distribution of Work (1994); the Ontario Federation of Labour Women's Committee; the Task Force on Adjustment and Transition (1994-96), and; the New Entry Task Force of the Labour Force Development Strategy (1989-90).*

*Alexandra Dagg holds a Bachelor of Commerce from Queen's University, and a Master of Industrial Relations from the University of Toronto.*



## Josée Goulet

*Josée Goulet became Vice-President - Product Management at Bell Canada in December 1996.*

*She launched her career with Bell Canada in 1985 as an engineer in Data Circuit Design. In 1991, as Director of Market Management, she was responsible for the strategic promotion of products and services to customers and the use of distribution channels for Bell Québec's residential market. In 1992, she was appointed Head of Sales and Service for a district serving over 20,000 business customers, then appointed as Vice-President of Québec Business Market, subsequently Vice-President, Marketing & Development (Business Solutions) and Vice-President and Chief Operating Officer at Bell Global Solutions, a division of Bell Sigma Inc.*

*Ms. Goulet holds a Bachelor's degree in electrical engineering from the École Polytechnique de Montréal (1985) and an MBA from McGill University (1990). She is now studying to become a CGA. Ms. Goulet was a finalist in the 1993 Arista "Young Executive of the Year" competition sponsored by Montreal's Youth Chamber of Commerce, as well as being named one of "20 Promising Executives in Québec" by Commerce magazine. Most recently, Ms. Goulet was one of 40 executives honoured in "Canada's Top 40 Under 40" sponsored by the Canadian business community.*



*As the recent Chair of a Federal Task Force, Mr. Sims took part in reviewing Part I of the Canada Labour Relations Code which culminated in the report "Seeking a Balance" published in February, 1996.*

*Appointed Chairperson of the Alberta Labour Relations Board in 1985, he remained in the position until 1994. From 1975 to 1985, Mr. Sims practised law, concentrating on labour and administrative law and appeared as counsel before every level of court, including the Supreme Court of Canada, largely on behalf of employees, trade unions, tribunals and professional associations. His clients have included the Alberta Federation of Police Associations, the Alberta Union of Provincial Employees, the Alberta Medical Association, the Professional Association of Interns and Residents and the United Steelworkers of America.*

## Andrew Sims

*Mr. Sims has chaired many boards of arbitration and labour proceedings, handled inquiries under the Individuals Rights Protection Act, and sat as a member of the Board of Reference for the Alberta School Act.*

*Andrew Sims holds a Bachelor of Law (1974) and a Bachelor of Arts (1971) from the University of Alberta, and was called to the Alberta Bar in 1975.*



*Dr. Osberg is McCulloch Professor of Economics at Dalhousie University, where he has been since 1977. Mr. Osberg also worked as a CUSO volunteer in Tanzania, 1968-70, where he was an economist with the Tanzania Sisal Corporation. He has been a consultant to various provincial, federal and U.S. government departments, several Royal Commissions, the L.T.U. (Geneva), and to business and labour organizations.*

*Lars Osberg graduated from Queen's University with an Honour's B.A. in Economics and Politics (1968). He also attended the London School of Economics and Political Science and Yale University, and obtained his Ph D in Economics in 1975 from Yale.*

## Lars Osberg

*He is the author of numerous refereed articles, book chapters, reviews, reports and miscellaneous publications. He has also authored and edited eight books, including *Vanishing Jobs: Canada's Changing Workplace* (1995) (with F. Wien & J. Grude) and *Unnecessary Debts* (1996) (with P. Fortin). His research focus includes the determinants of poverty and economic inequality, with particular emphasis in recent years on the impact of unemployment, structural change in labour markets and social policy.*

## MANDATE OF ADVISORY COMMITTEE

The Advisory Committee on the Changing Workplace is established by the Minister of Labour on August 30, 1996 to engage in a Collective Reflection with Canadian stakeholders in order to broadly examine the issues of the changing nature of work and the workplace, considering the emerging needs of and impact on workers and employers.

The Advisory Committee shall investigate issues arising out of the changing nature of work and of the employment relationship, the incidence of such changes on new work arrangements in various sectors of the Canadian economy, the implications for workers and for employers, and will identify a variety of approaches to adapt to these changes. One particular aspect for consultation will be the impact on workers and employers of technological change in the workplace. In addition, the Advisory Committee shall consider the options for workplace innovation and ways to assist and support workplace adaptation and renewal. The Advisory Committee shall consider desirable characteristics of the workplace of the future to suit both the needs of employees and employers, and suggest a vision for the workplace of the future, and provide advice on moving towards the realization of such a workplace.

In carrying out its mandate, the Advisory Committee shall consult with labour, employers, and their associations, provinces, as well as with other interested groups and individuals.

Any advice of the Advisory Committee shall be made in recognition of current federal-provincial sharing of responsibilities and the desire for interjurisdictional cooperation, the objective of promoting jobs for Canadians and supporting a healthy economy.

The Advisory Committee shall report to the Minister of Labour and provide advice from time to time as requested.

Without limiting the scope of the review, issues which the Advisory Committee is being asked to address are listed in the **Terms of Reference**.

The Advisory Committee, with the prior approval of the Minister of Labour, may retain such assistance and direct such work as may be necessary to facilitate its work.



## TERMS OF REFERENCE OF ADVISORY COMMITTEE

In carrying out its mandate, the Advisory Committee will examine the issues arising out of the changing nature of work and the workplace and identify a range of possible approaches for addressing them. The first task of the Committee will be to develop an action plan outlining the consultative process that will be undertaken with the Canadian public, business and labour organizations, provincial/territorial representatives, academics and other interested parties by October 1996.

*The Committee will examine the following issues:*

### ***Changing Nature of Work and of the Employment Relationship***

Define key operational terms and concepts to enable discussion of issues, including definition for: work, employee (worker), workplace, innovative workplace;

Investigate the key new forms of non-standard employment -- e.g., home-work, tele-work, part-time work, self-employment (dependent or independent contractor), identifying the degree to which these forms of employment meet the needs of individuals, are voluntary, create advantages or disadvantages for individuals in society; and investigate issues related to the changes in the distribution of work and working time;

Investigate the way in which non-standard employment meets the needs of employers, the degree to which employers have appropriate structures, policies and practices for non-standard workers, and identify innovative ways for employers and workplaces to adapt to these new relationships.

### ***Workplace Innovation***

Identify the range of models and best practises of workplace innovation and collaborative partnerships of workers and management currently being implemented in enterprises in Canada (including unionized and non-unionized enterprises across jurisdictions and industrial sectors);

Identify the policy implications for issues of workplace change;

Advise on ways to support workplace arrangements that enable most productive workplace adaptation to needs.

### ***Workplace in the Future***

Identify elements of a vision of the workplace for the future that will enable both workers and employers to meet their economic and social needs;

Provide advice on emerging issues concerning balance of work and family, the need for security at work, the increasing skill demand and the need for portability of skills;

Identify implications arising from these issues that might need to be addressed to create the supportive environment to enable these changes to occur.

### ***Information Highway***

Consult with business and labour on the impact of the "information highway" on workers;

Liaise with the Information Highway Advisory Committee to share information and to provide the results of these consultations.

## NINETEEN POINTS OF DISCUSSION

There are many issues facing the workplace of the future. Advisory Committee members have identified a number of themes that will guide their work. The members will be drawing on the following themes, which are interrelated, in carrying out their work plans and exploring options for the future.

- Enduring Needs/Changing Realities
- Existing and Emerging Forms of Work
- Definitions to Meet Changing Realities
- Employment and Income Inequality
- Models of Representation
- Taxation and Labour
- Social Security and Portability and Mobility of Benefits
- Third Party Benefit Programs
- Workplace Training and Delivery
- Unpaid Work
- Setting Suitable Standards
- Enforcement of Standards
- Management Practices
- Innovation
- Dispute Resolution
- Intensification and Distribution of Work
- Family-Friendly Policies
- Youth Employment
- Technological Enablers

### ***Enduring Needs/Changing Realities***

The world of work is changing very rapidly, and this presents Canadian society with a menu of alternatives, each with very different opportunities and costs.

- What are the main forces for change?
- How can Canadian values of compassion, caring and justice help us to meet these challenges in the workplace?

## ***Existing and Emerging Forms of Work***

An increasing number of Canadians no longer work in traditional full-time employment. They are working part-time, on contract, self-employed, at home, etc.

- ▶ What is the likely future of existing forms of work?
- ▶ What other new forms of work are emerging?
- ▶ What are the impacts of these new forms of work for:
  - employers?
  - workers?
  - society?

## ***Definitions to Meet Changing Realities***

New forms of work, organizational trends and changing workplace realities require basic concepts and definitions to be re-examined.

- ▶ How can we define the following elements:
  - work and employment, so as to include persons who work at several jobs, often for different employers?
  - workplace, when employees work at home for an employer located elsewhere?
  - normal work hours, when businesses are often open seven days a week?

## ***Employment and Income Inequality***

There are some views that the changing workplace and new forms of work may be resulting in increasing employment and income inequality.

- ▶ What are the key factors for:
  - the labour market?
  - the present wage structure?
  - hours of work?
- ▶ In accessing the new workplace, what are the major:
  - barriers?
  - opportunities?
  - innovative ways to obtain work?

## ***Models of Representation***

Models of representation currently centre around the single workplace union certification model.

- ▶ What other forms of association can we foresee for workers to protect their rights and gain work access to benefits?
- ▶ How could freelance workers, contract workers, homeworkers and teleworkers organize collectively or otherwise come together?

## ***Taxation and Labour***

Taxation policies influence work arrangements.

- ▶ How are taxation policies affecting the workplace:
  - employment relationships?
  - access to benefit programs?
  - overtime trends?
  - staffing levels?

## ***Social Security and Portability and Mobility of Benefits***

A growing number of workers will work for more than one employer during their active life, and possibly also have periods of self-employment or contract work.

- ▶ What risks do individuals face:
  - ill health?
  - disability?
- ▶ How can we lessen the risk and better protect mobile workers without steady employer-employee relationships?
- ▶ How can freelance workers and contract workers gain access to some form of social protection or security:
  - through workplace-based benefit programs?
  - through industry associations?
  - through employee associations or unions?

### ***Third Party Benefit Programs***

Present benefit programs are generally tied to stable forms of employment, but are coming under increasing pressure due to changing employment relationships.

- ▶ For health, welfare and pension plans, what will likely be their:
  - scope?
  - availability?
  - delivery?
  - impact on workplaces in the future?
- ▶ What impacts will changes in employer and employee organizations and changes within the insurance and financial industries have on benefit programs?

### ***Workplace Training and Delivery***

Many have described the new economy as a "knowledge economy", stressing the importance of lifelong learning for enhanced productivity and improvement in living standards.

- ▶ How are persons involved in emerging forms of work, particularly contingent workers and contract workers, going to maintain and upgrade their skills?
- ▶ Are there innovative models of workplace training and delivery that meet their needs?
- ▶ What is needed to adapt training to the new workplace?

### ***Unpaid Work***

Unpaid work in the voluntary sector is a significant part of total work in the economy.

- ▶ What is the likely future of unpaid work in relation to existing forms of employment?
- ▶ Are there innovative approaches to provide work experience and skills upgrading through involvement in the unpaid voluntary sector?

### ***Setting Suitable Standards***

New forms of work and new working arrangements raise the question of whether labour standards are still needed, and if so, in what forms.

- ▶ Are the same basic employment standards appropriate for all forms of emerging work?

- ▶ Are there alternative methods to meet employers'/workers' needs in the areas of:
  - normal work hours?
  - transferability and mobility?
  - overtime?

### ***Enforcement of Standards***

Non-standard forms of work such as home work and telework present a challenge to the traditional model of labour standard enforcement by governments.

- ▶ What are the challenges posed by the rapid growth of "contingent" or "nonstandard" employment vis-a-vis basic employment standards?
- ▶ Are there innovative monitoring and enforcement mechanisms that could be used by government, or as an alternative to government intervention?

### ***Management Practices***

Organizations have experienced a variety of management practices such as re-engineering, work teams and employee empowerment.

- ▶ What are the best approaches or the best human resource management practices that support collaborative decision making and problem solving?
- ▶ What models have been shown to be effective in providing employers with the flexibility they need and workers with enhanced job prospects?

### ***Innovation***

Innovation is at the heart of increased competitiveness and in job creation.

- ▶ What factors make employees effective innovators:
  - training?
  - skills?
  - forms of compensation?
  - workplace arrangements?
- ▶ How can workers share in the rewards arising from innovation?
- ▶ What can employers do to become more innovative?

## ***Dispute Resolution***

Protracted disputes in the workplace have a significant negative effect on profits, competitiveness and jobs.

- ▶ How relevant are our existing dispute resolution practices with regard to new and emerging forms of work?
- ▶ What alternate forms of dispute resolution are available?
- ▶ How do we encourage firms to become better at solving workplace problems?

## ***Intensification and Distribution of Work***

There appears to be an increasing gap between "core" jobs which are relatively protected and secure, but may involve longer hours and more stress than before, and contingent workers with no secure work arrangements.

- ▶ Can work be more effectively and equitably distributed?
- ▶ What competitive or regulatory barriers do employers face that discourage a wider distribution of available work?
- ▶ Are there impacts from work intensification:
  - workplace stress?
  - health and safety problems?

## ***Family-Friendly Policies***

Changes in the world of work and demographics are putting increasing pressure on workers to better balance work, family and personal needs.

- ▶ How are changes in the workplace affecting the family?
- ▶ How is the workplace changing in response to families' needs:
  - self-employment?
  - temporary work?
  - flexible hours?
  - What types of approaches can best accommodate both employers' and workers'/family needs?

## ***Youth Employment***

Access to the workplace presents more obstacles to youth than for the workforce at large.

- ▶ What are the trends and factors affecting access to the workplace for youth?
- ▶ What are the opportunities for youth in emerging forms of work?

## ***Technological Enablers***

The ever-quickenning pace of change is having a number of implications for workers and the way in which work is done.

- ▶ What is the impact of technological change, including the Information Highway, on employers and workers involved in new forms of employment?
- ▶ How can employers and employees work together in successfully implementing technological change?



## COLLECTIVE REFLECTION WEB SITE

On August 30, 1996, the Honourable Alfonso Gagliano, Minister of Labour, announced the *Collective Reflection on the Changing Workplace*. This was a twofold initiative. First, an Advisory Committee was created, and its six-member panel was mandated to submit a report by spring 1997. This report incorporates the final results of the consultations and deliberations by the members of the committee. Second, the Minister of Labour officially opened a Web site to provide Internet users with information on this initiative and to consult them on issues relating to changes in the workplace.

This Appendix provides an overview of the kinds of activities that have been evolving on the *Collective Reflection* Web site. It also gives a brief summary of the comments and messages that Web surfers have sent in via e-mail and as part of a "virtual" conference area specially set up to solicit their views.

The *Collective Reflection* Web site has been accessible since Minister Gagliano announced this initiative and it will continue to be accessible when the Committee report is published. The site contains information about the Advisory Committee, its members and its mandate: workplace news; an electronic conference area; and since their publication, the Report of the Advisory Committee and the Report of the National Forum on the Information Highway and the Workplace. To help make the Web site better known, its Internet address has been included in all documents and correspondence pertaining to the *Collective Reflection*. In addition, the Web site has been registered with the major search engines to allow Web surfers easy access, without their having had to first learn of its address through reading printed materials about the *Collective Reflection*.

The Web site has had over 9,000 visitors, and 155 have registered in the conference area to post messages and comments, or simply to read what others have posted. In total, 156 messages were received via the Internet, including 30 by e-mail and 126 messages posted in the conference area. All of these messages were brought to the attention of Committee members, who used this information in writing their report.

In order to maximize information from participants, the *Join in the Discussion* conference area included a description of the 19 points of discussion which the members of the Advisory Committee had identified at the beginning of their work. These 19 points are listed in Appendix D of this report. In addition, from November 1996 until April 1997, a *Question of the Week* touching on different aspects of the mandate was posted every Thursday morning. Here are some of the questions that were posted:

- How should unions adapt to meet the needs of workers doing non-standard work? (20/02/97)

- What should employers do to help workers doing non-standard work? (For this purpose “Standard work is defined as permanent, full-time, 5 days a week.) (06/03/97)
- The last time you changed jobs, were the benefits (dental plan, insurance coverage, pension plan, etc.) better than in your previous job? (20/03/97)
- Is your job or career becoming more or less secure due to technological changes? Are you able to keep up with the changes? (03/04/97)

It is worth noting that, although the questions of the week did generate some interest, most of the messages received were not directly in response to these questions. Instead, most people were concerned about issues that affected them personally. Much of the information which they provided was constructive and was directed towards proposing solutions.

The messages posted by participants revealed a wide range of concerns around issues relating to the changing workplace. The following themes emerged from a review of these messages:

- the application of employment standards to new work arrangements, like telework and self-employment;
- training, both in the workplace and of displaced workers;
- the impact of new technologies on employment;
- portability of employee benefits and private pension plans that until now have been tied to the employer;
- the need to develop new approaches to collective bargaining for workers whose jobs do not fit into the category of employment traditionally represented by the single-workplace union certification model.

While they addressed many issues related to the changing workplace, one theme was particularly important to many participants: the reduction of working hours. In general, participants in the discussion were concerned by the increasing polarization of working hours (i.e, the current trend where a large number of employees are working long hours while many people are unemployed or unable to find full time employment.) Two recommendations, both aimed at job creation, came out of the various postings: reduce the length of the standard work week and control employers use of overtime.

The Internet address of the Collective Reflection on the Changing Workplace Web site is <http://www.reflection.gc.ca>.

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\*TBR. Papers or Reports to be released in the near future. Details to appear on the Collective Reflection Website Address: <http://www.reflection.gc.ca>





